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Shopping, eating and drinking coffee in France
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Holy feud that divides Ukraine
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FINANCIAL TIMES
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First issue of our new colour magazine inside

Tietmeyer warns against a rush to monetary union

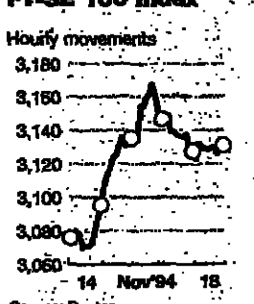
Bundesbank president Hans Tietmeyer warned strongly against rushing towards European monetary union before a joint monetary policy had been worked out and full central banking independence achieved. Speaking after Giovanni Ravasio, the European Commission's director-general for economic and monetary affairs, held out the possibility of Emu by 1997, Mr Tietmeyer said: "I am convinced that monetary policy integration in Europe can only be the outcome of a lengthy process." Page 28

Honda doubles first-half profits: Japanese carmaker Honda more than doubled first-half pre-tax profits to Y56.7bn ($590.6m), helped by strong sales in North America and Europe. Page 13

Groupe Bull sell-off launched: The French government launched the privatisation process for loss-making computer company Groupe Bull, inviting candidates to submit offers to buy stakes in the company by December 9.

Footsie gains 55 points on the week

FT-SE 100 Index



Source: Reuter

A burst of corporate activity, plus renewed gains in gilts, helped to galvanise a London equity market showing signs of strain after a week of outperformance against US and European markets. The FT-SE 100 Index began the session around 5 points easier after an uninspiring performance by Wall Street overnight, but closed 3.5 points higher at 3,131.0, extending the rise on the week to 55.1, or 1.8 per cent. Page 25; Markets, Page 14; Lex, Page 28

Sweden seeks $5bn syndicated loan: Sweden is asking international banks to lend it $5bn in one of the biggest syndicated loans this year. Page 13

Russia urged to make investment easier: Russia could attract more than $60bn of foreign investment in its energy sector if the country's legal and tax regimes were more flexible, US and Russian experts said. Page 2

World Bank chief to join J.P. Morgan: Ernest Stern is to leave the World Bank, where he is managing director, at the end of January to join US bank J.P. Morgan.

Glaxo chairman defends £9m package: Sir Paul Girolami defended a £9.37m ($15.36m) two-year package of salary, bonuses and pension contributions at his last annual meeting as chairman of UK drugs company Glaxo. Page 28

BP agrees to pay $1.4bn tax to Alaska: British Petroleum ended a dispute with Alaska by agreeing to pay $1.4bn in back taxes. Page 3

LVMH cuts Guinness holding: French luxury goods group LVMH sold a 4 per cent stake in Guinness, reducing its holding in the UK drinks company to 20 per cent. Page 13

Brazil to buy seven British navy ships: Brazil's navy is to buy four frigates and three minesweepers from the British navy for about £100m ($164m). Page 3

Reliant carmaker seeks receivership: Beans Industries of the UK, manufacturer of the three-wheel Reliant Robin car and the Scimitar sports car, asked its bankers to call in receivers. It is hoped the company will be sold as a going concern. Page 7

Lottery jackpot could reach £7m: A jackpot of £7m ($11.5m) could be on offer when the first UK National Lottery draw is made today, organiser Camelot said. By yesterday afternoon, £36m worth of tickets had been sold with more than 15m people taking part. Night of the big gamble, Page 11

Some rail fares to rise by up to 5%: Some UK rail passengers face fare rises of 5 per cent in the new year, but many fares will be unchanged and others will rise by less than 2 per cent, British Rail announced. Page 7

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Gaza killings threaten peace

11 killed and 200 injured as violence erupts between PLO and Islamic extremists

By Julian Ozanne in Gaza City

At least 11 Palestinians were killed and 200 wounded in the Gaza Strip yesterday in the worst internal violence since the establishment of self-rule in May.

The first bloodshed between Palestinian police and Islamic extremists marks a dangerous escalation of the conflict between the Palestinian Liberation Organisation, which controls the police, and the Islamic extremists in the self-rule areas.

Palestinian observers warned increasing confrontation could spark civil war. "Israel is placing more obstacles and pressures on the Palestinian authority and is pushing it towards civil war," said Mr Farouk Kaddoumi, head of the PLO political department.

The shootings come amid warnings from PLO officials and western diplomats that the Israeli-Palestinian peace process is in danger of collapsing.

Hours before yesterday's clashes, Mr Terje Larsen, United Nations under-secretary general responsible for Palestinian territories, said: "If there is no change immediately, there will be more killing, more blood... My assessment is that both the peace process and the legitimacy of the Palestinian Authority are losing ground day by day and the reason is that nearly nothing has been delivered on the ground."

Witnesses said the violence began outside a Gaza City mosque during Friday prayers. Palestinian police took loudspeakers off a truck being prepared for a rally of the Hamas Islamic Resistance Movement and the Islamic Jihad groups which oppose the Israel-PLO peace accords. Supporters then attacked police with stones and bottles. After warning the crowd to stop, police opened fire at close range with automatic rifles.

Sheikh Ahmed Bahar, a leading Hamas activist who gave the Friday sermon, appealed over loudspeakers to police to cease fire. "Stop shooting your own people or else you will pay a high price," he said.

Sporadic fire was exchanged between police and Islamic gunmen all day. A Palestinian policeman was among the dead.

Hundreds of relatives gathered outside Gaza's Shifta Hospital, shouting slogans against Mr Yassir Arafat, chairman of the PLO and head of the self-rule authority, whom they dubbed a "traitor" and a "collaborator".

Police arrested about 300 Islamic militants and posted sharp-shooters on the roofs of buildings.

The violence follows increasing tension between Mr Arafat and a resurgent Islamic opposition which has challenged his authority on Gaza's streets and aimed to sabotage the peace process.

Mr Arafat, under pressure from Israel to crack down on extremists responsible for recent attacks on Israel, has twice ordered the police to arrest scores of activists and said he would not tolerate unlawful activity. He has banned illegal weapons but Islamic groups openly defy him.

Police said later they had been acting on information that armed Islamic Jihad activists were planning a rally after Friday prayers. They said they had been provoked into confrontation. Officials said Mr Arafat had given orders to security personnel to act firmly and "respond severely with armed militants no matter what the results".

Hamas, calling the shootings a "massacre", urged its supporters to defy the police.

Arafat on ropes, Page 4


Demonstrators hurl stones at a Palestinian police van near a Gaza City mosque. Eleven people died in clashes after police removed loudspeakers from a truck being used for a militant Islamic rally Picture: Reuter

UK fears Bosnian rift with US could split Nato

By Philip Stephens in London and George Graham in Washington

The UK government fears the deepening rift between Europe and the US over the war in Bosnia risks provoking the most damaging breach in Anglo-American relations since the Suez crisis nearly 40 years ago.

In spite of public reassurances that the dispute provoked by the US decision to withdraw from enforcing the arms embargo on the former Yugoslav republic is containable, ministers are concerned it presages a deep split in the western alliance.

Unless the disagreement is patched up at a ministerial meeting early next month of the five-nation contact group on Bosnia, the UK government believes it could do irreparable damage to Nato.

British concern over the diplomatic rift came amid reports that Serb aircraft yesterday bombarded Bihac, the UN-designated safe area in northwestern Bosnia, ignoring warnings of Nato retaliation. The UN Security Council was due to meet last night to discuss the attack.

At a Franco-British defence summit in Chartres yesterday, Mr John Major, the British prime minister, said the US embargo decision "should not be over-dramatised". However, Britain and France were concerned that the US move might encourage a gradual unravelling of the embargo.

Washington's unilateral action is already seen as a damaging precedent, undercutting the solidarity of Nato at a critical moment for the alliance.

France believes the "unreliability" shown by the US administration over the embargo has greatly strengthened its case for independent European defence arrangements. Further overt US support for Bosnia's Moslem government could force both Britain and France to withdraw their troops from the UN peacekeeping force in the former Yugoslav province.

British ministers believe that the US administration is now "running scared" of the US

Continued on Page 28
New world order, Page 2

Faster economic growth revives rate fears

By Philip Coggan and Gillian Tett

The UK economy grew at its fastest annual rate for six years in the third quarter, indicating that the recovery is far stronger than the Treasury or City had predicted.

But the pace of growth revived fears that Mr Eddie George, the governor of the Bank of England, might push for a further increase in interest rates before the end of the year.

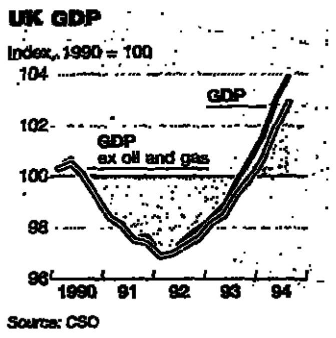
The Central Statistical Office said yesterday that gross domestic product grew at a seasonally adjusted 0.9 per cent between the second and third quarters, up from its earlier estimate of 0.7 per cent.

Since figures for earlier quarters were also revised upwards, the result was that third-quarter GDP was 4.2 per cent higher than in the same period a year ago. The last time the economy grew at such a pace was in the fourth quarter of 1988.

Even if the economy fails to grow at all in the fourth quarter, GDP for the calendar year 1994 will be 3.7 per cent higher than in 1993. At the start of the year, the Treasury forecast and the City consensus was for an increase of just 2.5 per cent.

Most estimates are that the long-term growth rate of the UK economy is between 2 per cent and 2.5 per cent. This year's rapid growth means that the so-called output gap – the difference between actual and potential output – is narrowing fast. Economic theory suggests that inflation will accelerate sharply once the output gap disappears.

UK GDP



Source: CSO

September's increase in interest rates from 5.25 per cent to 5.75 per cent was partly spurred by evidence of faster-than-expected economic growth. While economic statistics published earlier this week, notably on inflation and retail sales, had appeared to rule out an imminent rate rise, yesterday's GDP figures might persuade the governor that quick action is needed to slow the pace of growth.

The GDP figures also weakened hopes for an investment-led recovery, in which the consumer took a back seat. Investment actually fell in the third quarter, while consumers' expenditure was responsible for about a third of the GDP increase.

Nevertheless, other figures published yesterday painted a mixed picture of consumer confidence. Although consumer credit rose in October, mortgage lending faltered following the interest rate rise in September. The Building Societies Association said net advances, which take into account loan repayments, fell significantly to £788m in October, down from £1.14bn in September. This was the lowest level since February.

The broad measure of the money supply, M4, was also sluggish. The Bank of England said yesterday that M4 had grown by 3.8 per cent in the year to October, the slowest rate for a year.

Fall in rate of manufacturing investment, Page 8
Editorial Comment, Page 10
Lex, Page 28

Battle for VSEL intensifies as BAe raises bid to £560m

By David Wighton

British Aerospace raised the stakes yesterday in the battle for VSEL by increasing its share offer for the nuclear submarine-maker to about £560m. This is some 5 per cent above GEC's rival cash bid. BAe also raised its cash alternative to match GEC's £14-a-share offer.

Mr Dick Evans, BAe's chief executive, said the new offer was designed to put it on level terms with GEC before the Office of Fair Trading decides whether to refer the bids to the Monopolies and Mergers Commission.

"We will now be able to get back to the real commercial and competition issues," Mr Evans said. He denied that the timing of the offer reflected BAe's view of the likelihood of GEC's bid being referred, estimating the odds at "about 50-50".

Mr Richard Lapthorne, BAe finance director, added: "We were advised that it was very unlikely that we could buy VSEL for less than £14 a share even if the GEC bid was referred."

Most analysts believe GEC will return with a higher bid, possibly before the OFT's decision, which is due by December 7.

"GEC has to come back even if it means overpaying," said Mr Sandy Morris, engineering analyst at NatWest Securities. "BAe is making an aggressive move into GEC's patch."

GEC said that it would make "an appropriate response" to the revised offer in due course while VSEL recommended that its shareholders take no action. The cash alternative for the new BAe offer will be funded by a novel two-stage rights issue at 390p, which will allow BAe to increase the offer again without having to renegotiate its underwriting. If it did raise its offer further, BAe said it would seek shareholder approval before sealing a successful bid.

Even if BAe's bid fails, it will raise £178m from the first tranche of the issue. The second tranche, which is conditional on the offer succeeding, will raise up to a further £357m, exactly matching any extra funds BAe requires to meet the

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STOCK MARKET INDICES

FT-SE 100:	3,130.0	(+3.5)
Yield	4.09	
FT-SE Eurotrack 100	1,344.08	(-8.61)
FT-SE-A All-Share	1,584.22	(+0.1%)
Nikkei	19,302.56	(-34.01)
New York lunchtime:		
Dow Jones Ind Ave	3,795.76	(-32.30)
S & P Composite	461.44	(-2.13)

LONDON MONEY

3-mo Interbank	6½%	(5⅞%)
Liffe long gilt fut:	Dec 102⅞	(Dec101⅞)

US lunchtime RATES

Federal Funds:	5⅞%
3-m Treas Bills: Yld	5.477%
Long Bond	92⅞
Yield	8.138%

NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$16.73	(16.58)

GOLD

New York Comex(Dec)	$384.5	(385.9)
London	$384.0	(386.4)

STERLING

New York lunchtime:		
$	1.5685	
London:		
$	1.569	(1.5742)
DM	2.4379	(2.4368)
FFr	8.3737	(8.372)
SFr	2.064	(2.0477)
Y	154.581	(154.50)
£ Index	79.7	(79.8)

DOLLAR

New York lunchtime:		
DM	1.55325	
FFr	5.334	
SFr	1.3175	
Y	98.475	
London:		
DM	1.5539	(1.548)
FFr	5.3372	(5.3183)
SFr	1.3155	(1.3008)
Y	98.525	(98.145)
$ Index	62.5	(62.3)
Tokyo close Y 98.35		

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Austria Sch32; Bahrain Din1.250; Bermuda $2.00; Belgium BFr65; Canada C$1.75; China RMB26.50; Cyprus C£1.10; Czech Rep CZK50; Denmark DKr16.00; Egypt E£5.00; Estonia Ekr 20.00; Finland Fmk14; France FFr3.50; Germany DM3.60; Greece Dr350; Hong Kong HK$18; Hungary Ft185; Iceland IKR215; India Rup60; Indonesia Rp4,050; Israel NS6.90; Italy L3000; Japan Y500; Jordan JD1.50; Korea Won 3000; Kuwait Fils.625; Lebanon $US1.50; Luxembourg LFr65; Malaysia Rin4.80; Malta Lm0.60; Morocco Dh15.00; Nigeria Naira50.00; Netherlands Fl4.25; Norway Nkr17.00; Oman OR1.50; Pakistan Rs40; Philippines Peso 50; Poland Zl 38,000; Portugal (m'land) Esc225; Qatar QR13.00; S.Arabia Rls11.00; Singapore S$4.30; Slovak Rep KSL50; South Africa R12.00; Spain Pta225; Sri Lanka Rup30; Sweden SKr18.00; Switzerland SFr3.30; Taiwan NT$85; Thailand Bht50; Tunisia Din1.500; Turkey L30000; UAE Dh12.00; USA $1.50

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Serb jets bombard 'safe area' of Bihac

By Laura Silber in Belgrade and Reuter

Serb aircraft yesterday bombarded Bihac, the UN-designated safe area in northwestern Bosnia, ignoring warnings of Nato retaliation, a UN spokesman said.

The air attack came as Serb troops, backed by forces loyal to Mr Fikret Abdic, the renegade Moslem leader, tightened a noose round the Bosnian government Fifth Corps in Bihac.

Nato, which is policing a UN no-fly zone over Bosnia, could not confirm the attack. Bosnia's mountainous terrain makes it difficult for radar to detect air attacks.

The UN has threatened to call in Nato air power if Bihac was attacked. Its Security Council was due to meet last night to discuss the attack.

In Sarajevo, meanwhile, the Bosnian Federation assembly building was hit by a guided missile yesterday as the UN commander in Bosnia was snubbed by the Serbs in attempts to have them discuss the city's security crisis.

As the military situation in and around Sarajevo deteriorated further and threw into doubt the future of an uneasy truce that has prevailed since February, the UN said Bosnian Serb General Ratko Mladic had refused demands for a meeting.

The jets that attacked Bihac are believed to have taken off from nearby Udbine, Croatia, claimed by Serbs as part of their "state" of Krajina. Krajina Serbs have joined Mr Abdic's forces in the counter-offensive launched by Bosnian Serb forces.

The increased involvement of Krajina forces casts a long shadow over international efforts to restore relations between Zagreb and Knin, the Serb stronghold in Croatia.

It plays into the hands of those Krajina leaders who are close to their Bosnian Serb counterparts. They hope to scupper any deal that President Slobodan Milosevic of Serbia reaches with Croatia.

Despite intense pressure from Mr Milosevic, Krajina leaders yesterday rejected a proposed agreement on forging economic links with Zagreb on the grounds that it was tied to the question of Krajina's political status.

It dashes hopes that the Krajina assembly will today approve the agreement to restore water, power and fuel links between the breakaway Serb state and Croatia.

International mediators have been pushing for an agreement, hoping to isolate the Bosnian Serb leaders who rejected a peace plan.

As the fighting continues – and despite a blockade from Mr Milosevic – the Bosnian Serbs appear even less inclined to endorse the plan that would divide Bosnia between them and the Moslem-Croat alliance.

US Congress told of choices in re-arming Bosnian forces

By Jurek Martin in Washington

The Clinton administration has provided Congress with "theoretical models" by which the Bosnian army could be re-armed but accompanied them with warnings of the dire consequences of such a policy being implemented unilaterally by the US.

The options, which have been fully discussed with diplomats from Nato countries in Washington, are legally required under the terms of the Nunn-Mitchell Act of last autumn. Members of Congress were also briefed on them this week.

The act laid out a timetable for the lifting of the arms embargo on Bosnia, failing Bosnian Serb acceptance of a peace settlement. However, it had been rendered temporarily and partly moot by the decision of the Bosnian government last month not to ask for an end to the arms embargo for another six months.

The three principal options, ranging from the minimal to the maximum, are:

- Lifting the arms embargo, but not supplying arms from US government sources. Instead private weapons sales would be authorised.
- What is known as "light" US supply, costing about $400m (£244m), and mostly confined to small arms and anti-tank and anti-artillery missiles, together with some training of Bosnian army personnel.
- The "heavy" option, worth perhaps $5bn, would place few limits on the nature of the arms supplied and would involve heavy training in use.

But a Pentagon spokesman emphasised that these options were only being presented because of the legal obligation and "to point out the serious implications if they are implemented".

Western diplomats agreed. One said administration officials had been at pains to stress that the options only embraced "theory", and there was little difference of views between the Pentagon and CIA and European ministries of the consequences in the Balkans and for Nato and the UN peacekeeping presence of re-arming the Bosnian government.

Congressman Newt Gingrich, the likely next Speaker of the House, said yesterday he was opposed to any substantial reconstruction and military aid to Bosnia on budgetary grounds, adding: "It's largely a European problem."

New world order going badly wrong

Bruce Clark and Chrystia Freeland explain the dispute on handling the war in Bosnia

The Bosnian crisis, which the US, the European powers and Russia have tried to resolve collectively under the aegis of their international contact group, has been the most prominent laboratory for the new post-cold war world order.

Judging by harsh comments from senior British officials, who said yesterday that US-UK relations were more strained than they had been since the Suez crisis, the experiment is going badly wrong.

The catalyst for the dispute was the US decision last week to withdraw unilaterally from enforcing the arms embargo against Bosnia. This decision was broadly expected and its immediate consequences are limited.

But some European officials, notably in France, see the US decision as more than a gesture. It could be a declaration of support for war as a means of ending the conflict by punishing the Serbs and allowing the Bosnians to reclaim lost territory.

In contrast with this morally-imbued American position, Mr Charles Dick, director of the Conflict Studies Research Centre in Sandhurst, says that "if you are a western European government you might prefer some sort of stalemate, no matter how unsatisfactory, to an escalation of the fighting."

In Europe, these clashing objectives have given rise to "a strong fear that the US is trying to push the European forces in Bosnia into playing a direct role in the conflict", according to one European expert. He said the Europeans were concerned that the Americans, who have not committed any of their own forces, "are willing to support the Bosnian government down to the last French or UK soldier".

In addition to specific concerns about their own troops, the Europeans are also accusing the US of violating the transatlantic modus vivendi tentatively established after the collapse of the Soviet Union.

"Since the end of the cold war, we've talked about sharing responsibility," said Mr Jonathan Eyal of the Royal United Services Institute in London. "The Americans said that there might be situations in which the Europeans would play a direct military role on their own.

"But even though the Americans don't have troops in Bosnia, that hasn't prevented them from telling the Europeans what to do."

The US administration stresses that it still respects the ban on arms supplies to Bosnia. The government will neither send arms to Bosnia itself nor allow US citizens to do so.

However, European officials fear that the current official US stance is consistent with some discreet assistance to the Moslem and Croat forces, aimed at encouraging them to overcome distrust and fight together.

Alarm bells rang in European foreign ministries last month over a report in the New York Times of a mission to Sarajevo by retired General George Galvin, a senior US officer.

Mr Gojko Susak, Croatian defence minister, said the US mission would be helping to forge a joint Moslem-Croat army.

US policy statements present Croat-Moslem co-operation as something which could form either a building block for a settlement, or the basis to pursue war against the Serbs.

Mr John Galbraith, US ambassador to Croatia, has termed Croat-Moslem co-operation an "alliance between two victims of Serbian aggression [which] has made those two victims better able to deal diplomatically, politically and militarily with that aggression".

US policy-makers say they want to see Serb nationalism hemmed in for reasons that go beyond Bosnia; they are worried by the prospect of an even bigger standoff between Serbs and Albanians. By contrast, European diplomats fear that stepping up pressure on Serbia by easing the arms embargo on Bosnia could lead to an escalation of the conflict.

"If you get a Bosnian army with Croat allies making real progress then the prospect of the war escalating has got to be on the cards," says Mr Dick. "It would be difficult for Belgrade not to be drawn in and then you're in danger of a Balkan war."

These fears have given European diplomacy – particularly that of France and Russia – a different focus.

It aims at promoting reconciliation between Presidents Slobodan Milosevic in Belgrade and Franjo Tudjman in Zagreb, in the hope that between them, they could bring the situation in Bosnia under control.

France brokered a secret meeting between armed forces chiefs from Belgrade and Zagreb in September. Moscow, for its part, has sought to boost the authority of President Milosevic and rebuild Serbia as a bastion of Russian influence.

Russia successfully insisted that Mr Milosevic should be rewarded for severing ties with the Bosnian Serbs, and it now wants him to be offered even greater rewards if he fully recognises Croatia.

The US is committed to the territorial integrity of Croatia, and it has pressed the Serbs who control one third of that republic to settle with Zagreb. However, it fears any approach to this problem which involves boosting the status of Mr Milosevic.

Fear of antagonising the Russians, with their strong historic and cultural ties to Serbia, is another source of European objections to the US decision to withdraw from the arms embargo. The Russian foreign minister, Mr Andrei Kozyrev, reiterated fierce Russian criticisms of the US move yesterday in Paris when he told reporters: "All of us share anxiety over military developments in Bosnia and object to resolving the Bosnian problem by force."

But many western observers believe that for the time being Russia is too weak to take action matching its verbal protests. "The Americans appear to be calculating that Yeltsin will not respond," Mr Eyal said, "and, for now, they are probably right."

However, with outside powers pursuing at least two separate strategies in Bosnia, analysts fear that the rival approaches could become disastrously entangled.

In mid-January, Croatia must decide whether to renew the mandate of the UN peace-keepers on its territory. If it does not, that will be a signal that it intends to retake by force the land which it has lost to the Serbs.

Diplomat see this as a real possibility.

Amid confusing signals from the main capitals, Mr Tudjman might conclude that he can win out both ways: the US will support his forces – as long as they are fighting within their own republic – while Russia restrains Mr Milosevic.

If that calculation then proves wrong, an almighty war will ensue.

A boy shot dead by a Bosnian Serb sniper in Sarajevo yesterday is carried to a UN emergency medical vehicle by paramedics Reuter

Ahern leading Fianna Fail race

By John Murray Brown in Dublin

The likely shape of Ireland's future coalition may become clearer today when Fianna Fail, the senior partner in the outgoing coalition, decides on a successor to Mr Albert Reynolds, who resigned as prime minister on Thursday.

Two candidates have so far declared themselves: outgoing finance minister Mr Bertie Ahern, the clear favourite, and outgoing justice minister Mrs Maire Geoghegan-Quinn.

Mr Reynolds' resignation followed the withdrawal from government of the Labour party, junior coalition partners. Mr Dick Spring, Labour's leader and deputy prime minister, accused Mr Reynolds of misleading the Dail, Ireland's parliament.

The row began with Mr Reynolds' appointment of Mr Harry Whelehan as president of the High Court, a move bitterly criticised by Labour.

Under fire from Labour and opposition parties, Mrs Quinn offered her own resignation on Wednesday night. It was turned down by Mr Reynolds.

It is widely expected that if Mrs Quinn won the nomination, Labour would look elsewhere for a new alliance with one of the opposition parties, leaving Fianna Fail to go into opposition.

The politicians have until Tuesday to agree a new government, after Mr Reynolds decided not to seek parliament's dissolution but to try to forge a new alliance between the existing parties. If he is unsuccessful a general election will have to be called.

Mr Ahern represents Dublin. Once known as "anorak man" because of his dress sense, he is respected in business circles for his management of the economy.

A former chief whip, he is the party rank and file's favourite to succeed Mr Reynolds. As a former trade union official, he earned a reputation as a negotiator, a skill which could be useful if Fianna Fail is to form a new alliance.

A meeting of the parliamentary members to select a leader was adjourned on Thursday after news that Mr Whelehan had resigned.

Mr Reynolds is expected to submit his resignation as party chief at today's meeting. He had been expected to announce he was stepping down earlier but is understood to have delayed the decision in a bid to influence the succession. He is said to favour Mrs Quinn.

Mrs Quinn represents Galway West. She has won a reputation for competent handling of the difficult justice portfolio, despite a recent slip-up over the release of IRA prisoners, which she quickly had to cancel after the murder of a Newry postal worker in Northern Ireland.

Investment sought for Northern Ireland, Page 8; Unwelcome diversion, Page 10

All cordial at UK-French summit

By David Buchan in Chartres

Leaders of France and the UK yesterday capped a harmonious summit by declaring their joint intent to persist with peacekeeping in Bosnia and by acting to co-ordinate their air forces in future peacekeeping and humanitarian operations.

They took their expected decision to set up a small planning unit of five officers from each air force with the long name of the "Franco-British European Air Group". Based at the Royal Air Force base at High Wycombe under the initial command of a French air force general, the unit's task will be to draw up requirements and procedures for joint peacekeeping actions.

But UK prime minister John Major also went further than the French had hoped by agreeing to set up with France a study of possible UK participation in the Future Large Aircraft (FLA), an ambitious project for a new European military transport aircraft on which Paris sets great store.

> Mr Mitterrand said yesterday's meeting took place 'in the best climate for several years'

Mr Major separated this move from the immediate issue concerning that "part of our [Lockheed] C130 fleet which is very near the end of its operational life". The option here was to either refurbish these aircraft or to buy some of the newer C130J models, he said.

He said the FLA study with France was "without commitment" to Britain's eventual decision on its longer-term military transport plans. But "we need to see if our economic and military interests can coincide, and if they do we can proceed together" with other Europeans.

Deliberately focusing more on their mutual defence and foreign policy interests and less on more divisive internal European Union issues, UK and French leaders found it easy to reach agreement. But President François Mitterrand went out of his way to say that, measured by past Franco-British summits, yesterday's had taken place "in the best climate for several years".

At a concluding press conference, Mr Mitterrand and Mr Major both seemed to see the European Union's planned constitutional conference in 1996 in remarkably similar terms. The French president said the 1996 conference "should concentrate on securing the achievements of Maastricht, before passing on to fresh territory", while Mr Major said he did not believe it would be "a great leap forward". Mr Mitterrand leaves office next May and he sees Maastricht as part of his legacy.

Clearly anxious not to rouse Eurosceptics' susceptibilities at home, Mr Major stressed that yesterday's new defence moves were "not some startling innovation, but a natural development of longstanding co-operation" between France and the UK. However, the High Wycombe command is the first joint military organisation between the two countries. It may one day extended to "our European partners", UK and French defence ministers said in a communiqué yesterday.

Yeltsin backs reform and austerity budget

By John Thornhill in Moscow

President Boris Yeltsin yesterday expressed strong support for economic reform in Russia and for the first time publicly endorsed the austere 1995 draft budget, which is seen by many economists as a prelude to a full stabilisation plan but which ran into fierce parliamentary opposition earlier this week.

"Our financial policy is determined by the draft budget – it is tough, but it is necessary in our conditions," he said in a speech to artists and writers.

However, Mr Pavel Grachev, the defence minister who is fighting for his political life as a result of allegations of corruption in the military, later launched an emotional attack on the 1995 budget, saying its proposed spending cuts put the army "under threat".

"For the sake of the country's security think about this budget. Ask yourself – do we need an army? If so, it is a sin to keep it in poverty and half-starved," he told the Duma, the lower house of parliament.

Mr Yeltsin's continuing adherence to economic reform had appeared in doubt after a recent ministerial reshuffle which had promoted both conservatives and reformers in roughly equal measure. But Mr Yeltsin said the new cabinet members would strengthen reform, highlighting the contribution of its two leading proponents.

Mr Yeltsin described Mr Yevgeny Yasin, the new economics minister, as a "top-class professional with a market outlook"and Mr Anatoly Chubais, the former privatisation chief who was appointed first deputy prime minister, as a man who would not take a "single step away from reforms".

But Mr Yeltsin acknowledged the trauma that economic reform was producing in Russia. "If they say that for an individual moving house is equal to a fire, then for a country reforms are like a typhoon," he said.

"It is impossible to live when every day on television you watch only unpleasant things like the collapse of the rouble or petrol stations drying up, or see that someone has been killed," he added, promising tough action against crime and ultra-nationalist and fascist publications.

The Russian president urged democrats to unite to overcome these difficulties and press ahead with reform. "What we need is not gifted fairy-tale tellers but real changes, new people capable of producing these changes," he said.

Mr Grachev said military funding was running at about half the Rbs37.7bn (£7.3bn) planned for the full year. He said the cash shortages had resulted in 2,600 young Russian officers leaving the army this year.

Flexibility urged on energy

By John Thornhill

Russia could attract more than $60bn (£36bn) of foreign investment in its energy sector if the country's legal and tax regimes were more flexible, US and Russian experts told an industry conference in Moscow this week.

Feasibility studies for several giant development projects have already been conducted by foreign companies but will never be realised unless there is a more predictable and stable investment climate, western executives said. "There is simply too much uncertainty and confusion at present," said one US oil company director.

The conference, organised by the Russian Energy Ministry and the US Energy Department, attempted to resolve the legislative and fiscal difficulties obstructing foreign investment.

Mr Yury Shafranik, the Russian energy minister, said progress had been made and it was recognised that "strict rules of the game" had to be applied. US representatives held out hopes that fresh legislation concerning foreign investment in Russia's underground resources could be introduced into the Russian parliament as early as next month.

Such legislation would face a tough passage, because of the political sensitivities involved, but sources close to the Energy Ministry suggested a presidential decree could be used to break any legislative impasse.

Foreign oil companies complained that one of the main deterrents to long-term investment was the ambiguous legal position of oil ventures, given the overlapping jurisdictions of administrative and commercial law. At present, licences awarded by the Russian authorities to develop energy reserves fall under administrative law, which cannot be challenged in international courts. Western oil companies prefer production sharing agreements (PSAs), common in other parts of the world, which would be subject to international arbitration.

Russia's confusing tax regime, the potential threat of an abrupt termination of production rights and the absence of a workable system of dispute arbitration were also cited as stumbling blocks.

Some western oil executives privately expressed dismay at the bureaucratic delays they had encountered over the past few years and doubted that new legislation could be swiftly implemented.

"There is still no national consensus in Russia on how they should exploit their energy resources," said one western executive.

Mr Bill White, US deputy secretary of energy, urged Russia to reform its investment legislation speedily, saying an international race was under way to supply the increasing demand for oil. "The countries which encourage that investment and are first will be able to sell their production on an economic basis and those that lag behind will not," Mr White said.

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US trade gap widens as exports fall

By Nancy Dunne in Washington

A slowdown in US exports in September helped push the US merchandise trade deficit from $14.1bn (£8.5bn) in August to $14.6bn, its second highest level since 1987, the Commerce Department said yesterday.

Exports of goods and services declined during the month, dropping from $59.9bn in August to $59.7bn. Merchandise imports also declined slightly – from $58.2bn to $58.1bn, and service imports rose from $11.4 to $11.7bn.

Although economists attribute the growing deficit to macroeconomic factors, members of Congress will seek to use the trade gap as ammunition to attack the Uruguay Round legislation when it goes to a vote later this month.

Senator Byron Dorgan, a North Dakota Democrat and an opponent of the Gatt deal, yesterday called a press conference to complain "the current trade strategy is producing lost jobs and lower incomes for American workers."

The US Chamber of Commerce said exports to US partners in the North American Free Trade agreement were growing at a rate of 14.4 per cent. "Unless the Congress gives the US and world economies a shot in the arm by passing that Gatt Uruguay Round Agreement, future trade data reports will just be more of the same," the chamber said.

The Clinton administration has made exports the centre of its economics and trade policies. While exports of goods jumped by 9.9 per cent in August, they have declined in two of the past three months.

Exports of semiconductors, computers accessories and telecommunications are booming – up almost 22 per cent in last year – but imports of these products grew at a rate of 26 per cent.

The deficit with Japan showed a rare decline, from $5.8bn to $5.4bn, as imports of cars and car parts declined by $1.2bn. Japan and China still made up the bulk of the trade deficit although their share over the past year has shrunk from 70 per cent to 63 per cent.

Most economists expect an improvement in the trade gap next year. In a commentary, Merrill Lynch said: "Countries like Germany and Japan are emerging from a period of economic malaise and should continue to grow. That global pickup in economic growth rates will allow US exports to rise while our domestic demand slows."

Trade in pollution credits extended

By George Graham in Washington

Two US electric utilities yesterday signed an agreement to trade pollution credits, which for the first time places a market value on reductions in emissions of carbon dioxide.

Arizona Public Service, the largest utility in Arizona, will exchange 25,000 tons of sulphur dioxide emissions allowances for 1.75m tons of carbon dioxide reductions from Niagara Mohawk Power, which supplies electricity and gas in northern New York state.

Sulphur dioxide emission reductions are mandated by law, and a market system has been set up to allow utilities which exceed their reduction targets to trade the surplus. Emission allowances are currently trading between $143 (£87) and $160 per ton.

Reduction of carbon dioxide emissions, however, is a voluntary commitment that only a handful of utilities have made to the department of energy as part of a programme to meet the Rio de Janeiro Earth Summit agreement to reduce emissions to their 1990 level by 2000.

Yesterday's deal, sponsored by the department of energy, sets a rough value of $2 per ton on reductions in carbon dioxide emissions.

The deal provides for Arizona Public Service to transfer 25,000 tons of sulphur dioxide allowances, which it does not need because the installation of new scrubbers has cut its pollution well below target, to Niagara Mohawk.

The New York utility will then donate the allowances to a non-profit organisation to be permanently retired, and claim a tax deduction of around $1m on the charitable gift. That money will be spent on further projects to cut carbon dioxide pollution both in New York state and outside the US.

A direct donation of Niagara Mohawk's carbon dioxide reductions would probably not have been allowed as a charitable deduction by the internal revenue service because, unlike sulphur dioxide, there is no defined market value for greenhouse gas reduction.

Arizona Public Service expects not to have to emit the extra 1.75m tons of carbon dioxide, but plans to keep the reductions as an insurance policy in case energy demand grows so fast in the booming Arizona economy that it would not otherwise be able to meet its voluntary commitment to the energy department to cut greenhouse gas emissions.

Deep-freeze for Canada's ice hockey

Bernard Simon on a salary dispute which has brought the sport to a halt

For the eighth Saturday in a row, millions of Canadians will be at a loose end tonight. They would normally be glued to television watching hockey night in Canada, the Canadian broadcasting corporation's most popular programme.

But the North American ice hockey season has yet to start. Owners of the 26 US and Canadian teams which make up the national hockey league (NHL) locked out the players on September 30 after failing to persuade them to accept curbs on their rocketing salaries.

No settlement is yet in sight, despite numerous meetings between the owners and the players' union.

The season may be called off altogether if there is no breakthrough within the next three or four weeks. A similar pay dispute forced the cancellation of part of this year's baseball season, as well the world series baseball championship.

While the labour dispute may be an annoyance for fans, many businesses, big and small, are counting more tangible costs.

Molson, the diversified brewing group whose entertainment subsidiary produces hockey night in Canada and which owns the champion Montreal Canadiens, estimates that it will lose C$10m-C$11m (£4.4m-£4.9m) in operating profit, even if a shortened season starts on January 1. The loss would double if the entire season is cancelled.

Among other public companies with a stake in the dispute are ITT, the US conglomerate, which owns the New York Rangers through its interest in Madison Square Gardens, where the Rangers play their home games.

Walt Disney owns the Anaheim Mighty Ducks, one of several teams in California and Florida which have helped ice hockey to migrate in recent years as far south as the Sun Belt.

As with the baseball strike, TV revenues have been among the heaviest casualties. The NHL, which has been struggling for years to gain exposure on US mainstream television, recently signed a $100m five-year deal with Mr Rupert Murdoch's Fox network.

The dispute will need to be resolved soon if Fox's first hockey broadcast, the annual All-Stars game, is to go ahead as scheduled on January 21.

The players are also big losers. Their union estimates that its members earned a total of around C$500m last year. Several stars are in the C$2m-C$3m a year bracket.

Finding another job has not been easy. One Anaheim player is publishing a children's book. The St Louis Blues' goal-tender has started flying lessons. Another player has signed up for a financial-planning course.

About 40-50 players, mostly Russians, Finns, Czechs and Swedes, have returned to Europe, where they can not only play hockey, but play it without the violent brawls which have become part of the game in North America.

Most people's sympathy, however, lies with neither greedy owners nor overpaid players, but rather with thousands of entrepreneurs – hot-dog vendors, souvenir peddlers and taxi drivers, for instance – who have lost a big chunk of their livelihood and have little to fall back on.

Argentina bans new public spending for 1994

By David Pilling in Buenos Aires

All new spending by the Argentine public sector for the rest of 1994 stopped yesterday following a presidential decree banning all expenditure that had not already been approved.

The $1.3bn that the measures are expected to save will be used to pay pensions and Christmas bonuses to Argentina's 3.2m retired people. The cuts – said to include a virtual ban on travel and on the signing of new government contracts – will enable Argentina to finance its social security deficit without the need to borrow, according to Mr Domingo Cavallo, the economy minister.

Earlier in the week, Mr Cavallo had threatened to unleash "savage" budgetary cuts if Congress failed to pass legislation requesting emergency funds and incorporating measures to curb future social security payments. Signs that Congress was unlikely to pass this legislation quickly prompted Mr Cavallo to act.

Mr Cavallo said cuts were necessary "to offset the excess spending of this year." With only 43 days of 1994 remaining it is "safe to assume that money not yet spent is not now needed or that, if it is required, it can wait until January 1," he said.

Mr Cavallo blames the deterioration of the fiscal account, which showed a deficit for the third quarter - the first in more than two years - on a spate of court decisions backing pensioners' claims for higher payments, undermining government attempts to uncouple pensions from indexes of historic inflation and current wages. Without such adjustments, officials say, the pensions system faces bankruptcy.

Some however feel the economy ministry is exaggerating the significance of pension payments to mask spending laxities in other areas. Mr Cavallo himself admitted to visiting foreign investors recently that he was deliberately raising the stakes in order to persuade cabinet and Congress to accept cost-cutting legislation. "If I say that the deficit is manageable then everyone will come to the ministry asking for more money," he said.

Such arm-twisting is not without its dangers. In emphasising fiscal problems to a domestic audience, Mr Cavallo risks alarming foreign investors. Last month, Argentina had to pay 350 basis points above US treasury bond prices for a sovereign five-year bond issue, considerably more than expected and a sign that international confidence in Argentina has waned somewhat.

Cavallo: trying to put his financial house in order Tony Andrews

BP to pay $1.4bn tax to Alaska

By Robert Corzine

British Petroleum yesterday ended a long-running tax dispute with the state of Alaska by agreeing to pay $1.4bn (£850m) in back taxes.

The settlement ended a dispute which had clouded relations between BP and Alaska, one of its most important operating locations. BP's fields on Alaska's North Slope account for about 40 per cent of the company's worldwide output.

The dispute centred on oil and gas production taxes paid by the company between 1979-91 and its 1978-88 state income taxes.

It arose over different interpretations of wellhead prices and the cost of transporting oil. The state contended that BP and other companies operating in Alaska, such as Arco and Exxon, understated wellhead prices and overestimated transportation costs, thus lowering their tax liability.

Mr Walter Hickel, Alaska's governor, said the agreement represented an "equitable resolution of all significant tax disputes between the company and the state."

It is thought that Alaska's original claim against the company was as high as $3bn.

BP declined to comment on how much tax relief it might qualify for, but US analysts said it should receive substantial federal tax relief on the $1.4bn settlement. That could cut BP's net payout by more than half, to around $630m.

Company officials said adequate financial provisions had already been made. They predicted that the settlement would not affect BP's profits.

The settlement calls for BP to pay Alaska in three instalments. A payment of $700m is due at the end of December. Two further payments of $350m each are due at the end of 1995 and 1996.

The company said other terms were confidential. It had obtained a limited waiver to announce that a settlement had been reached.

DC faces federal takeover as bankruptcy nears

By Jurek Martin in Washington

The federal government may be forced to take over the virtually bankrupt District of Columbia, according to reports circulating in Washington.

The hardest evidence of such a prospect came in a television interview aired on Thursday night with Mrs Eleanor Holmes Norton, the DC delegate to Congress. She advised city employees who qualify for a job buy-out "to take it and run, you're playing with fire".

The Washington Times also reported that the General Accounting Office, acting at the request of two Democratic congressmen, had begun a review of the history of previous examples of federal rescues of financially strapped cities, including the precedent of New York in the mid-1970s.

Among several options under consideration by the independent federal agency, the newspaper said quoting the GAO, were a complete federal takeover of the city's affairs or the appointment of a federal board of directors to oversee civic finances, as happened in New York.

Mr Marion Barry will return as mayor in January with virtually no cash in hand and with little choice but to pursue even harsher budget-cutting measures than those instituted by the outgoing mayor, Ms Sharon Pratt Kelly.

Even with such measures, it is considered certain that DC would need to raise money on the capital markets, where it enjoys little confidence, or ask the federal government for assistance.

Among Ms Kelly's proposals – and the subject of Mrs Norton's reference – are incentives to city employees to take early retirement. This programme is now calculated to save $20m (£12.5m) well short of the $140m original target. The city government is also considering asking federal authorities to take over management and costs of the prison in Lorton, Virginia.

Compounding DC's problems is the uncertain relationship between Mr Barry, whose three previous terms in office from 1979-90 are generally seen as having wrecked city finances, and the new Republican Congress. Mr Newt Gingrich, the likely next Speaker, has already proposed abolishing the House district committee which, under the Democrats, had at least proved a sympathetic, if often critical, forum for the mayor and the city council.

Brazil buys 7 UK warships

By Angus Foster in São Paulo

Brazil's navy is to buy seven ships from Britain for about £100m in the second large arms deal between the two countries this year.

Brazil is buying four type 22 frigates and three river class minesweepers which the British navy put up for sale earlier this year. The frigates, built between 1976 and 1980, are no longer needed following the post-cold war fleet reduction.

In January this year Westland, the UK helicopter maker, won a £150m order for nine Super Lynx helicopters from the Brazilian navy. British officials hope the Brazilians will choose Westland again when they equip the newly acquired frigates.

The frigates are the Broadsword, Brazen, Brilliant and Battleaxe and will be delivered over the next three years. The minesweepers Humber, Helmsdale and Ribble will be delivered next year.

Several of the world's leading arms exporters are looking at Brazil as a potential growth market, even though its armed forces budget has suffered from years of cutbacks. Mr William Perry, the US Secretary of Defence, visited Brazil this week to discuss a number of potential defence contracts and Brazil is also looking to Russia and China for limited arms purchases.

The British deal marks the end of a year of increased contact between the two countries, restoration of British export credit cover and several British ministerial visits to Brazil, including that of Mr Douglas Hurd, foreign secretary, in April. Britain is also close to finalising an extradition treaty with Brazil and discussions have started on a double taxation treaty.

The contract was signed by Brazilian vice-admiral Armando de Senna Bittencourt and Mr Michael Robinson, assistant director of the UK's Defence Export Sales Office.

Mr Mugabe lets slip an unsettling aside

The whites' seizure of Africa's wealth is too recent for blacks to ignore, writes Michael Holman

It was just one phrase in a four hour debate about "indigenisation of the Zimbabwe economy", but Robert Mugabe may come to regret it.

Some Zimbabweans, he suggested at a conference this week, are "more indigenous than others".

When he went on to draw a distinction between what he called "the indigenous indigenous" and the merely "indigenous", Zimbabwe's president made no mention of colour.

But the delegates knew perfectly well what he meant.

The former are the 11m black Zimbabweans. The latter are the 100,000 or so whites, some of whom proudly boast of being third generation "white Africans", but most of whom go back no further than the wave of immigrants from post-war Britain.

Nearly 15 years after independence in 1980, the economic imbalance has barely begun to be redressed.

The numbers of whites has fallen from the pre-independence peak of 275,000, but those that remain still control most of commerce and industry, and about 80 per cent of the 4,000 commercial farms.

Judging by his wry smile, Mr Mugabe was fully aware of the Orwellian undertones to his comment. Nothing he said, before or after, suggested that he was threatening the white minority with second class citizenship.

Indeed, on several occasions, Mr Mugabe cooled emotions, arguing at one point that the post-independence generation of whites would be more integrated than their parents, and repudiating a speaker who – partly in jest, it should be said – suggested it might be necessary to return to the bush to win the battle for black control of the economy.

Furthermore, many of the speakers seemed not so much resentful of whites' dominance of the economy, as critical of what they saw as the government's failure to provide sufficient venture capital and management training programmes for black entrepreneurs.

But Mr Mugabe's aside could nevertheless prove dangerous.

Whether he sanctions it or not, there is a danger that in the run-up to next year's election, officials of the ruling Zanu-Zapu coalition may be tempted to play the populist card in an attempt to divert attention from the government's shortcomings.

Widely regarded as corrupt, with many senior army officials, ministers and senior civil servants known to have enriched themselves through business and property deals over the years, the ruling coalition is expected to win the poll by default, such is the calibre of a fractious and poorly led opposition.

It is a tactic that may well appeal to the hundreds of thousands of frustrated youngsters in a well-nigh hopeless search for work, in an economy where the pain of structural adjustment is more apparent than the benefits.

At least 20,000 workers have been laid off since economic reforms started in 1991. Every year more school leavers join the ranks of the unemployed.

Black resentment goes deeper than this, however, and goes to the very heart of the country's creation.

The foundations of white economic power were laid barely a hundred years ago, consolidated by victory in what the white settlers called a "rebellion" and what their adversaries saw as the first "chimurenga" or war of liberation in 1896-7.

In 1890 Cecil John Rhodes' British South Africa Company acted on its belief that what is now known as Zimbabwe contained gold reefs as rich as South Africa's Witwatersrand.

'We have to pay those those who seized land from us, though they did not pay us'

Promising each settler 15 gold claims and 1,200 hectares of land, it recruited what most historians would call an "invasion force" but which white "Rhodesians" to this day refer to as "the pioneer column".

Two hundred whites enlisted, and the expedition set out in June that year from northern Bechuanaland (now Botswana), in the direction of what is today Zimbabwe's Mashonaland province.

Three months later the British flag was raised on the site of Salisbury, now Harare. Thus Rhodesia, now Zimbabwe, was born – but not without a fight for supremacy.

The first of two battles between the settlers and the African people was was soon to begin.

On March 20, 1896, the Ndebele began their war ("umvukela") against white rule, rising in the south; in June, the Shona people in the north followed suit, launching their campaign, or "chimurenga", and in one week killing 100 settlers.

But by the end of 1897 it was over, African spears were no match for Europe's rifles. The last defenders held out in caves. Some were starved into submission. Others died when sticks of dynamite were tossed into the caves. The first chimurenga was over, but it was not forgotten.

After the first war for independence, the victors seized the spoils in a process which continued into the 1950s.

Between 1908 and 1915 the company put 1.5m acres of the country's best land into settler hands, establishing the pattern for today's white-owned commercial farm sector.

Later, under the pretext of preventing overstocking on land designated for "natives", cattle were impounded, more than a million head between 1946 and 1950, with many resold cheaply to white farmers.

The whites obtained mining concessions of questionable validity for themselves. The whites who negotiated them may well have misled the local chiefs about the significance of the concession documents they signed.

Meanwhile Africans were effectively coerced to provide the labour to develop the concessions through the imposition of a compulsory hut tax, which most were only able to pay if they worked in the mines.

As recently as the years after the second world war, more than 100,000 people were evicted from white-owned farm land.

Notwithstanding this background, the government has moved cautiously. But Mr Mugabe, referring to the government's programme of land redistribution through purchase of white farms (only a handful so far) can be forgiven if there was an undertone of anger in his comment to the conference this week: "We have to pay those those who seized it from us, though they did not pay us."

Some 70 years after the first chimurenga, the spirit of the time and the leaders of the day were evoked when black Zimbabweans again went to war.

Ian Smith's unilateral declaration of independence in November 1965, an assertion of continued minority rule in defiance of Britain, was to prove the signal for the second chimurenga. This time the settlers were defeated, and deeply apprehensive about their fate as it became clear Robert Mugabe had won the 1980 independence elections.

But the man vilified for years as a "communist terrorist" was magnanimous and compassionate in victory, appealing for racial reconciliation in a speech that rescued the country from the risk of post election turmoil.

But the political victory has done comparatively little to alter the structure of ownership of the economy. Nor, given the government's limited resources, and the constraints of today's world, can the government do much about it.

As Mr Mugabe wryly remarked during Wednesday's debate, times have changed since the days of the first chimurenga: "We are behaving like gentleman, and acting gradually," he said.

Zimbabwe's whites may not see it that way. Nor, one suspects, may foreign investors. And as for the impatient black Zimbabweans, particularly the disgruntled youth, they might argue that it is time their government stopped behaving like gentlemen.

Either way, Mr Mugabe may be reflecting, he cannot win.

Japanese institutions forsake the world's investment markets

By Gerard Baker in Tokyo

Japan's life insurers, among the world's largest institutional investors, and once the most aggressive in pursuing investment opportunities overseas, put almost no money into foreign securities in the six months to the end of September, a leading industry official said yesterday.

Mr Takahide Sakurai, chairman of the Life Assurance Association of Japan, said life insurers had poured all of the net increase in their assets during the period into long-term domestic fixed interest securities, loans and yen-denominated public and corporate bonds. They had also transferred money from short-term funds into those instruments.

Mr Sakurai's remarks confirm unofficial reports that the insurance companies' have continued to abstain from investing abroad so far this year. That abstention has been a principal factor in the strength of the Japanese yen in foreign exchange markets.

In the first half of the current financial year, which ends next March, the life insurers' total assets increased by about 7.5 per cent from a year earlier, Mr Sakurai said. But while domestic stock investment was "neutral", there had been almost no overseas investment.

In the 1980s, as Japanese savings increased rapidly and the insurance market was liberalised, life insurance companies invested heavily in overseas securities. Between 1986 and 1990, their holdings of foreign securities quadrupled, reaching Y17,800bn (£112bn), more than 15 per cent of their total assets.

Since then, following heavy losses on both fixed interest and equity investment, mainly as a result of a rising yen, they have scaled back their investments abroad, and for the last three years have been repatriating funds. This year their portfolio of foreign securities is expected to fall to close to 10 per cent of their total assets.

Mr Sakurai said the life insurers, who will report their half-year results later this month, would not see an early recovery in their earnings.

"We still can't see the brightness in the economy", so often referred to in official government economic reports, he said.

Nepal's Communist party president Man Mohan Adhikary, adorned with garlands during an election victory parade yesterday. His party is poised to lead a coalition government. Reuter

Bloodshed in Gaza Strip prompts growing fears of Palestinian civil war, reports **Julian Ozanne**

Arafat on ropes as peace process comes under fire

Yesterday's violence in the Gaza Strip has underlined the growing crisis in the Israeli-Palestinian peace process and raised the threat of a Palestinian civil war.

The simmering tension between Mr Yassir Arafat's authority and his Islamic opponents erupted into full-scale bloodshed, raising serious doubts about the stability of the self-rule experiment.

Palestinian police yesterday were forced to open fire on anti-Arafat Islamic demonstrators illustrating the extent to which the Islamic opposition has become a real challenge to the authority of the Palestine Liberation Organisation on the streets of Gaza.

Political observers believe Mr Arafat is on the ropes with the fragile political support base for the peace agreement eroding daily. Palestinians are losing faith in a process which shows no sign of addressing their grievances - the end of Israeli occupation of Palestinian land; right of return of Palestinian refugees and improvement in living conditions.

Hours before yesterday's clashes, Mr Terje Larsen, UN under-secretary general responsible for Palestinian territories said: "If there is no change immediately, there will be more killing more blood...My assessment is that both the peace process and the legitimacy of the Palestinian authority are losing ground day by day and the reason is that nearly nothing has been delivered on the ground."

Instead of trying to shore up Mr Arafat's rule, Israel continues to undermine the PLO leader, fuelling the opposition. A partial closure of the Israel-Gaza border remains in place, preventing thousands of Palestinians travelling to jobs in Israel.

The peace process is at least nine months behind schedule and Israel shows no recognition of the danger of further delay in handing over the still occupied West Bank to Palestinian rule. Palestinian prisoners remain in Israeli jails months after Israel promised to release them and Israel is forcing Mr Arafat to go to war with the Islamic extremists by linking further progress in peace negotiations to a crackdown on Hamas and Islamic Jihad, the two main Islamic Palestinian groups.

The failure of the peace process to meet Palestinian grievances has created a fertile ground for Mr Arafat's Islamic critics who are increasingly confident and determined to meet his crackdown by force. They successfully portray him as a "poodle" of Israel doing its dirty work.

Israel refuses to accept the Palestinian view that there is no military option against Hamas and Islamic Jihad. Although Gen Nasr Yussuf, the Palestinian military strongman, has been spoiling for a fight with the Islamic opposition, Mr Arafat's political advisers have warned against a conflict that could erupt into civil war with no guarantee of victory. Both groups are well disciplined and maintain small tightly knit underground military wings willing to carry out suicide attacks in the name of Islamic glory.

Hamas and Islamic Jihad are bound to exploit yesterday's shootings by Mr Arafat's security forces, using them to accuse the Palestinian leader of acting as an instrument of Israel's security agenda. They are also likely to strike back, further escalating the tension and violence.

Israel's refusal to honour the timetable and the commitments of the peace accords is also fuelling division inside the PLO and Mr Arafat's Fatah faction. This week's PLO executive committee meeting in Gaza was attended by only eight of the 18 members. Two of the most senior Fatah officials - Mr Farouk Kaddoumi and Mr Mahmoud Abbas, the architect of the peace agreement - refused to attend and are increasingly critical of the implementation of the deal.

Mr Suleiman Najjab, one of the PLO executive committee members who refused to attend the meeting, said a majority favour a review of the entire experiment, given Israel's refusal to implement the accords.

Israel will welcome yesterday's events as a sign of Mr Arafat's willingness to confront extremists, but the dangers of its policy are apparent. Israel's apparent determination to force Mr Arafat into conflict with Islamic groups could irretrievably weaken the PLO and leave Israel with no other partner to negotiate with but Hamas and Islamic Jihad which oppose a Jewish state.

Kenya central bank to halt widespread fraud

By Leslie Crawford in Nairobi

The Central Bank of Kenya is introducing new banking regulations, including the vetting of directors and managers of commercial banks, to prevent the recurrence of fraud and other financial malpractices which robbed it of hundreds of millions of dollars last year.

The Kenyan parliament is expected to approve amendments to the banking act next week which will allow the central bank to scrutinise the "moral and professional suitability of persons proposed to manage or control financial institutions". The bank will have the power to withdraw a bank's trading licence if it is not satisfied.

Another amendment aims to end the practice of "insider lending" – through which the owners of some Kenyan banks help themselves to cheap credit – by lowering a bank's maximum permitted exposure to a single borrower from 100 per cent of shareholders' capital and reserves to 25 per cent.

Mr A Wanguria, director of the central bank's supervision department, believes the reforms will bring more professionalism to Kenya's financial sector.

"Twenty-eight banks have failed in the past 10 years," Mr Wanguria said. "They all had weak boards of directors, who knew little about banking. There was also a lot of mismanagement, insider lending, and few of the banks were properly capitalised.

"If we want a stable banking system," he said, "we must start by ensuring that the board of directors, main shareholders and managers of banks are competent professionals."

The central bank recorded a net loss of 4.5bn shillings (£42m) in the financial year which ended in June 1993, partly as a result of making large unsecured loans to three local banks which have since been liquidated.

Known as "political banks" for their ties to influential Kenyan politicians, the banks had acted as conduits for government funds to ensure support for the ruling Kanu party in the run-up to the 1992 general elections.

After the elections, the "political banks" ran into severe liquidity problems, and used their influence to obtain irregular credit from the central bank.

Mr Micah Cheserem, who took over as governor of the central bank after the losses were incurred, is still trying to recover some 6bn shillings of monies owed to the central bank.

Not only were the loans unsecured; Mr Cheserem believes there was also a conspiracy to defraud the bank. Senior treasury and central bank officials are under investigation. The owner of one of the banks liquidated last year is in detention awaiting trial.

INTERNATIONAL NEWS DIGEST

Italy's unions may drop strike

Italian trades unions hinted they could call off a general strike after the defeat of a government plan to trim pension costs. Opposition forces on Thursday joined forces with the Northern League – a member of Prime Minister Silvio Berlusconi's coalition – to defeat the government's pensions measure in the Chamber of Deputies (lower house). The defeated measure would have cut the cumulative entitlement to pensions to 1.75 per cent for each year of a worker's salary from two per cent starting in 1996.

Next year's austerity budget, designed to reduce the budget deficit by L48,000bn (£19bn) has brought relations between unions and government to their lowest point for a decade. Unions have called a general strike for December 2 to protest against the government's plans to trim the budget by reducing pensions spending. But on Friday, Sergio D'Antoni, head of the CISL union grouping, hinted the unions could call off the strike if the government accepted their proposals to modify stringent pension reform proposals. *Reuter, Rome*

Hong Kong rates to rise

Banks in Hong Kong yesterday said they would raise lending and deposit interest rates by 0.75 percentage points on Monday in response to the move this week by the US Federal reserve to tighten monetary policy. Hong Kong's dollar has been fixed against its US counterpart since 1983 and the authorities had little option but to move official and bank rates higher to preserve the link. On Tuesday the US Fed increased its Fed funds rate by 0.75 points to 5.5 per cent. The colony's new bank rate will be 8.5 per cent – the highest level since late 1991. The Hongkong Bank said it will raise residential mortgage costs to between 10.25 per cent and 10.75 per cent. The prospect of higher borrowing costs unsettled the local stock market where share prices were marked down sharply, in spite of the widespread expectation of an imminent rate hike. The Hang Seng index of leading Hong Kong stock ended 90.84 lower at 9,427.44 on anemic turnover of HK$2.43bn. *Simon Holberton, Hong Kong*

Mobile phone price war fear

Hong Kong is to go ahead with plans to issue up to 10 new mobile telephone licences, despite criticism from existing providers and analysts that the move could lead to price wars and lower standards of service. The decision, yesterday, follows a lengthy consultation process that began when industry views were solicited in February. Hong Kong has no bars on foreign ownership, and since the proposal to expand the market was first mooted, big industry players from across the world have made exploratory trips to the colony. More than 100 application documents were handed out after the announcement. The telecommunications Authority will decide on the number of licences to be issued. Mr Alex Arena, director-general of telecommunications for Office of the Telecommunications Authority (OFTA), said yesterday that the consultation process indicated strong support for the granting of additional licences to enable the introduction of new advanced cellular and cordless access technologies. *Louise Lucas, Hong Kong*

French property chief quits

Mr Michel Mauer, the French property developer under investigation for alleged corruption, resigned yesterday as chairman of Cogedim. The company said Mr Mauer, who is being investigated for alleged influence peddling in a case involving illicit political financing, was stepping down for health reasons. In an interview yesterday, Mr Mauer said the strains of the investigation and his incarceration for 24 days had taken a toll. "Physically and morally the ordeal tired me enormously," he told Le Figaro. Mr Mauer is one of several senior business executives under investigation for alleged corruption and is the first to resign from his post. Cogedim, a subsidiary of Paribas, the banking group, said that Mr Mauer was also resigning his seat on the board. The case involving Mr Mauer concerns alleged illicit funding of the Republican party, one of the largest components of the centre-right government coalition. *John Ridding, Paris*

Japan's monetary growth weak

The growth in Japan's money supply continues to be weak, constrained by the decline in bank lending, weak corporate demand for funds and a firm monetary policy.M2, or cash in circulation and bank deposits, plus certificates of deposit, grew by a mere 2.4 per cent last month, by comparison with October last year, the Bank of Japan announced yesterday. That represents a very slight increase on 2.3 per cent money supply growth in September. The weakness of monetary growth contrasts with previous recoveries, when an increase in domestic demand coincided with a robust rise in liquidity. The bank's broader gauge of liquidity, also including postal savings and government bonds, rose by 3.5 per cent in October, a slight slowdown on the 3.6 per cent growth achieved in the previous month. *William Dawkins, Tokyo*

Doubts over Angola pact

Accusations of truce violations from both sides in Angola's 19-year-old civil war have put fresh pressure on the country's fragile peace pact.Just ahead of the scheduled signing tomorrow of the pact in the Zambian capital, Lusaka, the rebel Unita movement reported that government forces had ignored a truce to attack and capture the rebel-held northern town of Uige. There was no immediate comment from the government of President Jose Eduardo dos Santos but it made accusations of its own that Unita forces had violated the truce, declared on Wednesday night, with three attacks on government-held towns. Leaders of several southern African nations are due to meet in Lusaka today to discuss threats to the peace pact, which follows one in 1991 that held for about 18 months. The office of South African Deputy President Thabo Mbeki said last night he would attend the regional meeting in Lusaka, to be chaired by Zimbabwean President Robert Mugabe.*Reuter, Luanda*

Court reverse for Çiller

A ruling late on Thursday by Turkey's constitutional court forcing prime minister Tansu Çiller to postpone crucial by-elections scheduled for December 4 has increased speculation that she may call general elections in the spring. The court's decision is a humiliating reverse for Mrs Çiller. It accepted an appeal by the Islamic Refah party and threw out voting rules she had devised to minimise damage to her True Path party. Sixteen of the 22 seats up for grabs on December 4 are in the south-east region, scene of heavy fighting between security forces and guerrillas of the Kurdistan Workers party. Mrs Ciller's voting rules would have allowed the greatly-increased number of state employees in the region to vote but would have disenfranchised the estimated 2m Kurdish villagers who have fled the fighting. The 16 seats were vacated by Kurdish MPs evicted from parliament in March to stand trial on treason charges. Their support has been transferred to Refah, which was expected to win most of the seats, endangering the coalition governments's thin parliamentary majority. *John Barham, Istanbul*

Gonzalez's allies accused

Political scandals in Spain spread yesterday from the ruling Socialist party in Madrid to its Catalan nationalist allies in Barcelona where Mr Josep Maria Cullell resigned as a member of Catalonia's government, the Generalitat, after allegations of corruption. The development, which brings to the forefront the simmering rivalry in Catalonia between the governing nationalists, Convergencia i Unio and the local Socialist party, could strain the alliance between prime minister Felipe Gonzalez and CiU leader Mr Jordi Pujol, the president of the Generalitat. Mr Cullell stepped down as the Generalitat's minister of public works amid newspaper reports that he had pressured a town council into re-zoning and buying land owned by his brother-in-law. *Tom Burns, Madrid*

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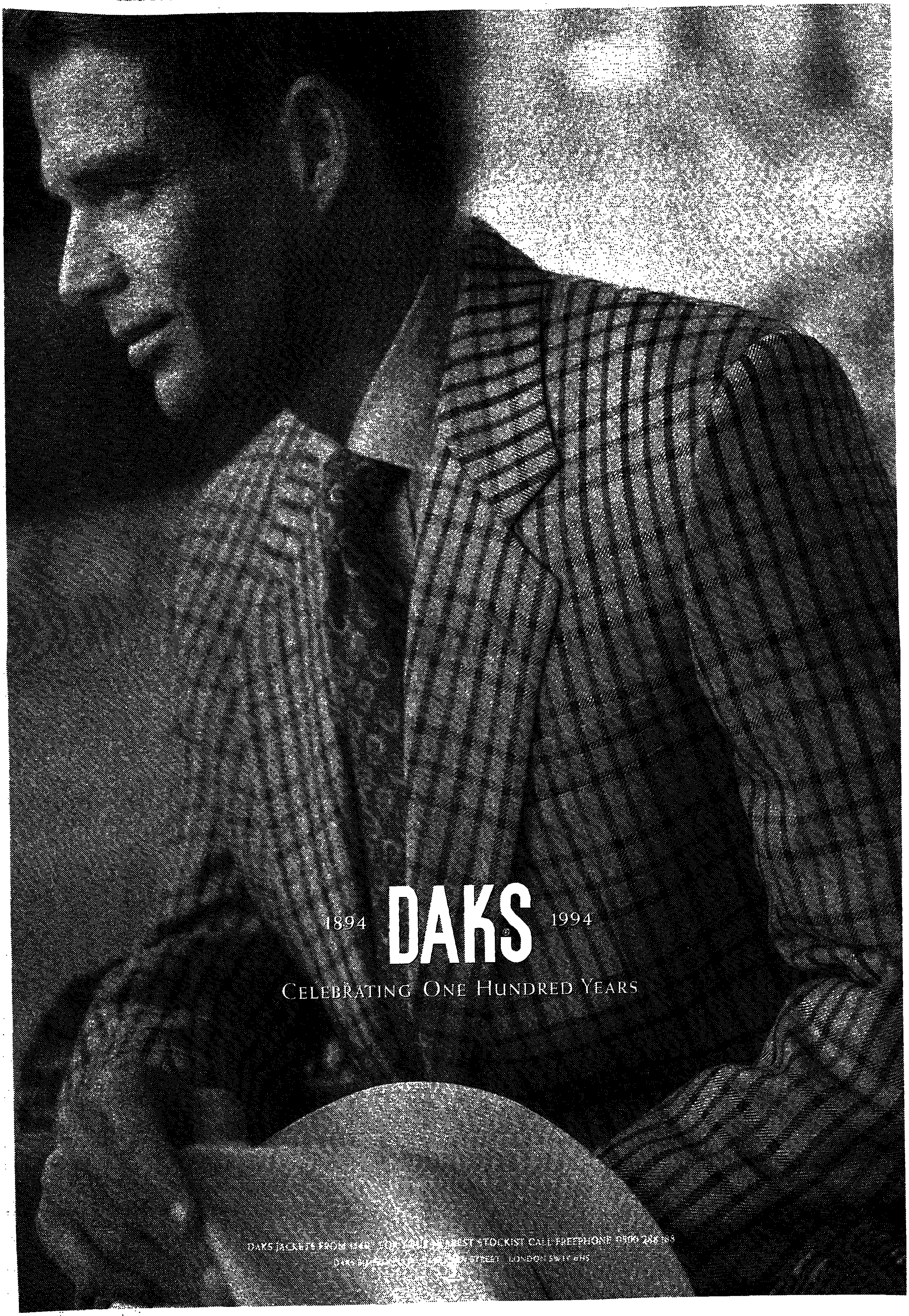


Gummer bows to pressures over powers of Environment Agency

Lobbyists force change

By Kenneth Gooding and Ivor Owen

Mr John Gummer, the environment secretary, yesterday bowed to intense pressure from environmental groups and made changes to the legislation setting up the Environment Agency that will control pollution in England and Wales.

He also announced the appointment of Lord de Ramsey, a farmer and businessman, as chairman of the advisory body preparing the way for the new agency. Lord de Ramsey is expected to become the agency's £50,000 a year, part-time chairman.

Environmental groups were universal in their condemnation of the terms of the bill when they were announced in Wednesday's Queen's speech. They said it substantially weakened existing powers by giving the agency "aims" rather than "duties".

Mr Gummer said there had been no intention to weaken the legislation and he would amend the wording "so as to provide a clear duty not simply to consider conservation issues in relation to all the agency's functions but to further conservation as appropriate".

He refused, however, to budge on another matter of great concern to environmentalists – a clause insisting that environmental regulation "must take proper account of costs and benefits". Nevertheless, Mr Gummer said he would ensure that this clause was not used by organisations to win more time before having to comply with regulations.

Friends of the Earth said last night that it seemed as if Mr Gummer was "giving back only half of what we had before" in pollution control powers. The Royal Society for the Protection of Birds said: "We will be reassured when the actual wording of the bill is published. The new agency and its counterpart in Scotland must have a clear duty to further nature conservation."

The new agency will combine the operations of the National Rivers Authority (NRA) with the Inspectorate of Pollution and various local authority waste regulators.

Mr Gummer said the enabling bill would contain measures relating to contaminated land and pollution from abandoned mines. An enabling power for the preservation of hedgerows of particular value would be in the bill but would not form part of the new agency's role, he said.

Mr Gummer welcomed the decision of Lord Crickhowell to remain chairman of the NRA until the vesting of the new agency in April 1996. He suggested this should reduce the "problems of disruption" that might arise by the merger.

'Model' farmer takes the reins

By Kenneth Gooding

John Fellowes, 5th Lord de Ramsey, who is set to become chairman of the Environment Agency that will control pollution in England and Wales, said last night that the most important part of his new job was to establish the credibility of the new agency with the public when public confidence in politicians, businessmen and the media was at a very low ebb.

He had no doubt that the agency would on occasion cross swords with government ministers and many others.

Mr John Gummer, the environment secretary, recalled that as minister of agriculture he had engaged in some robust debate with Lord de Ramsey, then president of the Country Landowners Association, whose members are estimated to own half the privately-owned land in England and Wales.

Lord de Ramsey, 52, who succeeded to the title 18 months ago, has been described as "the very model of a modern farmer-businessman". His company farms 6,500 arable acres at Ramsey in Cambridgeshire where his family has been active in draining and farming the fens since the middle of the 17th century.

He spoke proudly yesterday of the 1,000 elm trees on his estate, virtually the last surviving in southern England, kept free of the killer Dutch elm disease by surgery and injections of fungicide.

Instead of bulldozing old farm buildings his company has converted them into light-industry workshops without changing the character of the village in which they are situated. "You need profits to keep this lovely landscape looking as it is," he said.

Lord De Ramsey said he would resign as a director of the Cambridge Water Company and as president of the Association of Drainage Authorities, mainly because of potential conflicts of interest, but this would given him more time towards the 2½ days a week he would spend on his part-time, £50,000 a year chairmanship. "But I expect to have my weekends and holidays disturbed."

He has still to make his maiden speech in the House of Lords where, while president of the CLA, he sat on the cross benches. More recently he has taken the Conservative whip.

Labour attacks Major over EU finance bill

By Kevin Brown, Political Correspondent

Labour yesterday accused Mr John Major of playing games with the Commons by allowing Mr Kenneth Clarke, the chancellor, to open a debate on the European Union finance bill a week on Monday.

As Labour's parliamentary strategists pored over the two-clause bill, published yesterday, senior officials said Mr Tony Blair was "surprised" by a Downing Street announcement that Mr Clarke would open the debate.

Mr Major surprised rebel Tory backbenchers on Wednesday by threatening to call a general election unless the bill was passed "in all its essentials". However, both main opposition parties accused the government of causing confusion by failing to clarify whether it will accept amendments or additions to the bill.

The confusion deepened in the Lords on Thursday when Lord Henley, defence under-secretary, told peers that "the whole bill must be passed without amendment".

Downing Street said Lord Henley's comments were in line with the prime minister's announcement.

Labour officials said the party was considering abstaining on the second reading unless Mr Major clarifies the status of the vote.

Mr Chris Smith, shadow heritage secretary, said: "It looks like turning into a charade aimed solely at providing John Major with the illusion of a short-term triumph. If that is all it is, we will have none of it."

If Labour did abstain, the Liberal Democrats would probably follow suit, leading to a farcical situation in which Tory MPs would be whipped through the lobbies to save the government while opposition MPs failed to vote.

Both opposition parties support the principle of the bill, which will raise UK contributions to the EU in line with an agreement reached at the 1992 Edinburgh summit.

But Labour is concerned that it might be "suckered" into opposing the bill on the basis that it was an issue of confidence, only to be pilloried by the Tories for inconsistency.

Mr Archy Kirkwood, the Liberal Democrat chief whip, increased the pressure on the government to clarify the position by tabling a written question asking Mr Major to list the essential elements of the bill.

He said: "The official responses from the prime minister still leave many questions unanswered. Parliament has the right to know exactly what these 'essentials' are before the key votes on November 28."

This is the text of the European Union finance bill published yesterday:

A Bill to amend the definition of "the Treaties" and "the Community Treaties" in section 1(2) of the European Communities Act 1972 so as to include the decision of 31st October 1994 of the Council on the Communities' system of own resources and so as to remove a spent provision.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:-

1. *In section 1(2) of the European Communities Act 1972, in the definition of "the Treaties" and "the Community Treaties" for paragraphs (e) and (f) (Council decisions of 7th May 1985 and of 24th June 1988 on Communities' own resources, and undertaking of Member States confirmed on 24th June 1988 for financing the Communities' budget for 1988), and the word "and" immediately preceding them, there shall be substituted the words "and (g) the decisions of the Council of 7th May 1985, 24th June 1988, and 31st October 1994, on the Communities' system of own resources; and".*

2.-(1) This Act may be cited as the European Communities (Finance) Act 1994.

(2) The European Communities (Finance) Act 1988 (which is superseded by this Act) is hereby repealed.

Liverpool council officer suspended

A senior officer of Liverpool City Council has been suspended over a series of accounting errors that led to an £1m overpayment to members of its engineering direct services organisation.

The council was unable to confirm claims that the mistake in the performance-related bonus scheme gave 50 workers an average of £20,000 extra in the 1993-94 financial year.

Mr Harry Rimmer, Labour council leader, said he was confident of getting the money back. He said: "It is another instance of poor management and particularly poor accountancy."

Prison staff 'acted unlawfully'

Prison officers who refused to accept new prisoners into an overcrowded jail were acting unlawfully, a High Court judge ruled yesterday.

Mr Justice Keene said the officers at Preston prison had an "understandable anxiety" that a "breach of the peace might occur," but he rejected their argument that they had an overriding "constabulary power" to disobey their governor's orders to continue admitting new inmates.

In the highly regulated and disciplined atmosphere of a prison it was essential that a governor's lawful orders, based on Home Office admissions criteria, prevailed over the individual discretion of his officers, the judge said.

Right to silence move draws fire

Prosecutors in Scotland would be allowed to comment on an accused person's silence under government proposals in the Criminal Justice (Scotland) Bill, foreshadowed in the Queen's Speech and published yesterday.

Labour last night attacked the proposal, saying it was contrary to the views of the Scottish Office's advisers and had not been foreshadowed in the white paper.

Mr John McFall, a Labour spokesman, said yesterday: "The whole basis of the criminal justice system in Scotland rests on the assumption that a person is innocent until proven guilty. This is a fundamental attack on that assumption."

Teachers agree 5% pay deal

Scottish teachers' leaders yesterday agreed a two-year pay deal worth just over 5 per cent, as strike ballot papers were about to be sent out over a 2.3 per cent one-year offer.

The teachers will receive a 2 per cent increase backdated to April 1, a further 1 per cent from December 1 and 2 per cent from April 1 next year, adding £75m to the £1bn a year salaries bill paid by the government and local authorities.

ICI criticises electricity prices

ICI, the chemicals company, yesterday criticised electricity pricing structures following a 60 per cent rise in prices it pays for power since the summer. It said the Office of Electricity Regulation had failed to ensure reasonably stable and competitive prices.

The Association of Independent Electricity Producers said the average price in the electricity wholesale pool was likely to be within limits agreed between the regulator and the two main generators. "There is no reason to believe that winter and summer prices should be the same."

ICI and other big electricity consumers which buy power directly from the wholesale pool have for long campaigned for pricing structure changes. ICI said yesterday its Cheshire-based chlor-alkali business faced bills of more than £1m a week following the latest rises. Foreign competitors enjoyed lower and more stable prices, it said.

End to rabies law likely to be urged

An end to rabies quarantine laws for pets is expected to be suggested in a report by the Commons agriculture select committee of MPs when it is released next week.

The report also looks at the effectiveness of health checks on farm animals imported into Britain as a result of the European single market. It will be published on Wednesday and is likely to recommend replacing quarantine laws with a vaccination scheme.

New deal talks at Lloyd's likely

By Ralph Atkins, Insurance Correspondent

The ruling council of Lloyd's of London is likely to discuss next month the possibility of a fresh out-of-court deal between lossmaking members and professional agencies they are suing, Mr Peter Middleton, the insurance market's chief executive, said yesterday.

He reiterated that he and Mr David Rowland, Lloyd's chairman, were prepared to try to forge a new settlement offer – providing all sides believed it worthwhile. But he warned: "The amount of court activity at the moment, involving Names and underwriters, suggests that we have not got that agreement at the moment."

His comments came amid speculation that Lloyd's leaders are stepping up the pressure on groups representing Names and the "errors and omissions" insurers – out of whose funds successful claims for negligence would be paid – to start discussions. One possibility being floated is of separate agreements being struck with different groups of Names.

The Court of Appeal is expected to rule next week on whether the E&O insurers should be forced to disclose how much cover was bought by the Lloyd's members and managing agencies facing legal action. Figures on the E&O "pot", which some estimates put at more than £1bn, give an idea of the maximum size of a new out-of-court settlement.

Tory 'family man' denies role in home-sales policy

Votes scheme 'not MP's baby'

By Rob Evans

A Conservative MP yesterday insisted that he was not involved in any way with the alleged Westminster City Council homes-for-votes scheme, the public inquiry heard yesterday.

Mr Barry Legg, MP for Milton Keynes South-West, has been accused by the district auditor of being a driving force behind the scheme.

Mr Roger Toulson QC, opening the defence for Mr Legg, said: "The long and the short of it is that it was not his baby."

In a provisional report the district auditor, Mr John Magill, had found that Mr Legg was part of a triumvirate which controlled the London council in the late 1980s and had guided the evolution of the "disgraceful and unlawful" scheme.

Mr Legg was Conservative chief whip on the council for seven years. The other two members of the triumvirate were the then council leader Dame Shirley Porter and her deputy Mr David Weeks.

The district auditor decided that the three, with seven other councillors and council officials, deliberately sold homes to increase the number of Tory voters in eight marginal wards in a scheme known publicly as designated sales.

He is recommending that all of them should be surcharged for the £21m he says was wasted.

In a written submission to the inquiry, the MP said: "I accept that I was present at political meetings at which targeting designated sales in marginal wards was discussed. I personally never paid much attention to the talk about targeting marginal wards because, for one thing, I regarded it like much else as political rhetoric.

"As the proposed programme for designated sales was sound and justifiable, I would not have regarded the hope of political advantage as making it wrong. I cannot recall, and do not believe I ever knew, the criteria for selecting properties."

Mr Andrew Arden QC, for the group of Westminster residents who first lodged the allegations, said it was "not credible" that Mr Legg – a senior member of the council – knew nothing of the alleged gerrymandering when many others in the council were well aware of it.

Mr Legg replied that he was only a "part-time councillor" since "many demands occupied my life". He said he was company secretary and a board member of Hillsdown Holdings during an "extraordinarily busy time" and was also bringing up a young family.

The inquiry was adjourned until Monday.

Peter Orme

Barry Legg, MP for Milton Keynes South-West, arriving at Marylebone Town Hall, London, for the public inquiry yesterday

Anglers hooked by permit sales at Post Office

By David Owen

Something fishy is going on in the sedate world of freshwater angling.

Sales of rod-fishing licences are soaring. The National Rivers Authority has sold more in the first seven months of the current financial year in England and Wales than it did in the whole of last year.

By the end of October the NRA had sold 966,000 licences and exceeded its full-year revenue target of £11.8m. In 1993-94 895,000 licences were sold, raising £10.1m.

Is the pastime more popular? Or anglers more law-abiding? Is there another explanation?

Mr Bill Cockburn, chief executive of the Post Office, says he knows. He attributes the surge to the fact that rod-fishing licences have been available in 17,000 post offices since March. Before then anglers bought licences from fishing-tackle shops.

He said: "The Rivers Authority cannot believe their luck. The potency of the network of post offices in growing a market is very significant."

The NRA agrees that the increase is due to "better distribution and better promotion".

It has also changed the licencing system this year, introducing more short-term permits and splitting the annual licence, which used to cover all species, into coarse-fishing and game-fishing categories.

With annual licences valid from the start of the fishing season on April 1, the NRA acknowledges that sales are concentrated around that period. Nevertheless, annual licences for 1994-95 – allowing the holder to fish anywhere in England and Wales if local bylaws permit – are still selling.

The Post Office's right to sell the licences was approved by Mr Michael Heseltine, trade and industry secretary, in spite of opposition from Mr Michael Portillo, the former chief secretary to the Treasury.

In an exchange of letters revealed last December Mr Heseltine is said to have told his colleague to "get your hook off my line".

Farmers may seek review of quotas

By Deborah Hargreaves

The National Farmers' Union is considering applying for a judicial review of the way the government has handled the allocation of spare quotas for sheep farmers this year.

Rationing of quotas has left some farmers in severe hardship, the union said.

"We have taken independent legal advice and believe there is a case for a legal challenge about the way the ministry has handled European Union rules on the quota reserve," said Sir David Naish, NFU president.

A union official said: "We have a lot of members out there who are extremely annoyed."

Farmers need enough quota to cover all the animals in their flocks if they wish to apply for EU subsidies.

The government retained some quotas to award to new entrants to farming, producers expanding their businesses and others who felt disadvantaged.

But the Ministry of Agriculture was deluged with applications.By rationing extra quota and awarding it chiefly to upland producers, the government has left some 5,000 disgruntled applicants.

Mr George Dunn, rural economics adviser at the Country Landowners' Association, said many were in genuine hardship and some would be forced out of business.

Five frontrunners for Hogg's No 10 job

By James Blitz

Mr Andrew Tyrie, a former adviser to Mr John Major and Lord Lawson during their terms as chancellor, and Mr Nicholas True, deputy head of the Downing Street Policy Unit, are emerging as strong candidates to succeed Mrs Sarah Hogg as head of the unit.

Other contenders include Mr Michael Fallon, the former Conservative MP for Darlington, who lost his seat at the last general election, Mr Alastair Ross Goobey, chief executive of Postel Investment Management, the UK's largest pension fund, and Mr Danny Finkelstein, head of the Social Market Foundation.

Following a Queen's Speech which was widely seen as lacklustre, Conservative officials believe the replacement for Mrs Hogg – who announced this week that she would be leaving the job – will play a vital role in generating new ideas in the run-up to the next election.

Mr Major's choice for the job, which involves planning the prime minister's broad political strategy, will send an important signal about the direction government policy should take.

Mr Tyrie, a shrewd and abrasive figure on the centre-right of the party, is senior economist at the European Bank for Reconstruction and Development.

Mr True is one of the prime minister's principal speechwriters. Senior Tories categorise him as a "safe pair of hands", though some have blamed him for the ill-fated "back-to-basics" policy.

Mr Fallon, a committed supporter of the free market, would be a popular choice among right-wing MPs, who argue that the policy unit must give the government clear political direction.

However, he wishes to fight a seat at the next general election, which would be incompatible with the policy unit post under Whitehall rules.

Instead, Mr Fallon might be more suited to the post of head of the Conservative Research Department if, as expected, Mr Andrew Lansley quits the position later this year.

Mr Ross Goobey, who was a Treasury adviser to Mr Norman Lamont, the former chancellor, is the most heavyweight of the contenders. But there are doubts about whether he would quit his lucrative job to join Downing Street.

Mr Finkelstein has been instrumental in the development of a number of rightwing policies in recent years. His biggest handicaps are his youth – he is in his early thirties – and his past as a former parliamentary candidate for the Social Democratic party. However, he has developed the Social Market Foundation into one of the more impressive and influential think-tanks in Whitehall, producing a stream of policy reports that have influenced government policy.

"He has all the intellectual credentials, and would provide some much-needed rigour," said one Tory official.

Bad debts cripple Beans Industries

Maker of Reliant in receivership

By Paul Cheeseright, Midlands Correspondent

Beans Industries, the automotive component maker and manufacturer of the three-wheeled Reliant Robin car and Scimitar sportscar, has run out of cash.

The directors of Beans on Thursday evening asked their bankers to call in Mr Mark Hopton and Mr Roger Oldfield of KPMG Peat Marwick, Birmingham, as receivers.

The group's failure comes when demand for its products had increased to the extent that it recently introduced overtime working at its car plant in Tamworth and its engineering works in Tipton. The receivers plan to sell Beans as a going concern.

Beans, founded in 1919, won a place in motor history with its pre-second world war construction of a world land speed record holder, the Thunderbolt. It acquired Reliant from the receivers in 1991 and produced a restyled Scimitar in 1992. It was once part of the old British Leyland group, Rover's precursor.

Mr Oldfield said yesterday that Beans had bad debts of nearly £2m which had "a dramatic effect on cashflow". In the year to December 1992, the last for which accounts are available, Beans had a turnover of £15.1m.

The debts date back three years and stem from the failure of AWD, the Bedford truck manufacturer, and Leyland Daf Vans, both of which called in receivers. Although these companies have since been resurrected, there were not sufficient funds to pay unsecured creditors such as Beans. "Beans had been working for nothing," said Mr Oldfield.

He added: "The directors went to the bankers for more money. They were unable to comply with the request." Mr Oldfield refused to name the bankers. The 1992 accounts show that Beans had long-term debt of £3.37m, however.

Mr Hopton said he had received half a dozen inquiries from people who had already been in preliminary talks with the company's management.

Beans is making up to 15 Robin Reliant cars a week. The company's 95 employees at Tamworth also turn out five £15,000 two-seater Scimitars every week.

Beans' customers for automotive components include Rover, Automotive Products and GKN. Yesterday both customers and suppliers telephoned the Tipton works "seeking comfort", as Mr Oldfield put it.

It is ironic that Beans's rundown Tipton factory shares space with Advanced Engineering Systems, a Unipart subsidiary whose managing director, Mr Frank Burns, controls both AES and its sister operation, Premier Exhausts – 1993's "factory of the year", John Griffiths writes.

Even more ironically, Beans itself sold AES to Unipart two years ago – with potentially life-saving trial contracts to supply motor components to Toyota's Burnaston car plant in Derbyshire.

Machined castings and other parts for Toyota and Honda provide most of the turnover at AES, which Unipart regards – with Premier – as its lean manufacturing "flagships".

Mr Burns acknowledges that Unipart bought AES from Beans – which prior to the sale also reconditioned engines for Unipart – solely because of the Toyota contracts and the chance to start a long-term relationship with Japan's largest carmaker.

Colin Beere

Unhappy new year: commuters arriving at London Bridge station yesterday morning are among millions of rail travellers who will face price rises in January

BR unveils range of fare rises up to 5%

By Charles Batchelor, Transport Correspondent

British Rail and London Underground yesterday announced fare increases of up to 5 per cent – double the rate of inflation – for millions of travellers in the new year.

Passenger groups and opposition politicians condemned the rises.

On some BR routes where there is tough competition from cars, coaches and the airlines there will be no fare increases. But on those where fares will rise increases will be between 2 per cent and 5 per cent. Most BR fare increases will take effect from January 8.

London Transport, which will raise fares from February 5, said Underground fares would rise by an average 5 per cent although most bus fares would remain unchanged. The price of Travelcards, which allow travellers to switch between trains, the Underground and buses, will increase by up to 9 per cent.

The Central Rail Users' Consultative Committee, a national watchdog representing rail passengers, said the overall level of increases was too high and would deter passengers from trains.

Mr Michael Meacher, Labour transport spokesman, blamed the cost of rail privatisation for diverting funds from improving the railways.

BR said the 25 regional train operating companies which played an important role in setting fare levels had to raise more money to finance investments, but they could not ignore competitive pressures.

The signal workers' strike last summer cost BR £200m. Before it numbers of commuters and leisure travellers using the railway had started to increase.

The new fares include:

Unchanged: InterCity West Coast's long-distance and sleeper fares, Great Western's leisure fares and Scotrail's Strathclyde services.

No average fare increase: Train operating companies Anglia Railways, InterCity Cross Country, InterCity East Coast, Merseyrail Electrics and Regional Railways North East.

Three per cent increase: Cardiff Valleys and InterCity West Coast. Also Sussex Coast lines, North London, South Eastern's suburban and Kent Coast lines and Solent & Wessex.

Five per cent increase: Chiltern Lines, Great Eastern, London Tilbury and Southend, Thames Trains and Thameslink.

Dorrell acts over dramatic freebies

By Philip Stephens, Political Editor

Mr Stephen Dorrell, the national heritage minister, has imposed strict new limits on his officials' acceptance of free tickets to the opera, theatre and cinema.

Whitehall insiders say the minister's ruling has fallen particularly hard on the most senior mandarins. They are accustomed to being courted for funds by the department's clients in the agreeable surroundings of Glyndebourne or the National Theatre.

But Mr Dorrell, who told his officials some weeks ago that he wanted a stricter regime, decided that the freebies were inconsistent with an arm's-length relationship with the lobbyists.

His instruction coincided with the recent furore over political sleaze. It followed a separate instruction earlier this year from Sir Robin Butler, the cabinet secretary, banning civil servants from collecting "air miles" while travelling on official business.

The heritage department stressed yesterday that Mr Dorrell had not imposed a blanket ban. Officials would still be permitted to accept free tickets if their attendance at a particular event was directly relevant to a project.

But Mr Dorrell expects many more empty seats in London's royal boxes.

Lilley hints at benefits boost for low-paid workers

By Philip Stephens

The government yesterday indicated that improvement of in-work benefits for the low paid would be the first priority for future reforms of the social security system.

Mr Peter Lilley, the social services secretary, said the dispersion of earnings power in the past two decades was the most significant social problem facing western governments.

In what may foreshadow further measures in this month's Budget to make it easier for the unemployed to take low-paid jobs, Mr Lilley said: "Creating and maintaining incentives to work has been at the centre of my review of social security. They will remain there."

In a lecture prepared for the Conservative Political Centre in Northern Ireland, he said the widening of pay differentials between the skilled and the unskilled was not only a main cause of unemployment.

In a marked shift in government rhetoric, he said the squeeze on earnings power at the bottom end of the income scale had become intertwined with many of Britain's social problems.

He said: "It may play a major part in the break-up of families, the growth of lone parenthood and a growing welfare dependency. It may even play a part in explaining delinquency and crime."

Mr Lilley stressed the widening earnings power of the skilled and unskilled was an international phenomenon.

In countries with flexible labour markets such as the US and, more recently, Britain, the impact had been to increase income disparities among those in work. In other, less flexible economies, the biggest effect had been felt in higher unemployment rates among unskilled workers.

Rejecting "artificial" mechanisms to push up low pay – trade barriers against developing countries, a national minimum wage or restrictions on new technology – Mr Lilley said the long-term solution lay in improving the education, training and skills of the workforce.

State intervention to make employers pay more would simply result in higher unemployment. But better trained and more highly skilled workers would command higher wages.

Mr Lilley said the immediate priority was to ensure that the interaction of the labour market and the benefits system did not discourage the unskilled from taking work. Employment provided a basis for the low-paid to improve their marketable skills.

Manufacturing investment shows surprise fall

By Gillian Tett, Economics Staff

The level of investment by British manufacturers showed a surprise fall in the third quarter of the year, official figures yesterday showed.

The drop disappointed industry groups, and surprised economists who had been predicting that investment, which has lagged behind the rest of the economic recovery, would pick up sharply in the coming months.

Nevertheless, analysts yesterday pointed out that the quarterly investment figures were volatile and prone to revision.

The Central Statistical Office said yesterday that total capital spending of manufacturing industry was £2.736bn in the third quarter of this year, measured at seasonally adjusted 1990 prices.

This was 1.0 per cent lower than the second quarter and broadly unchanged from the same period a year ago.

Most of the quarterly fall stemmed from a drop in the level of investment in buildings and vehicles. New building work fell 7.3 per cent between the second and third quarters, although it remains 11 per cent higher than the third quarter of last year.

Spending on vehicles fell 12 per cent in the third quarter compared with the second quarter, and remains 16 per cent below the third quarter last year.

Spending on plant and machinery, which accounts for three-quarters of manufacturing investment, rose 0.8 per cent. It was barely different from the levels seen a year ago.

On a sectoral basis, the main increase in investment in the quarter was in the engineering, electronic, optical and transport sectors. Investment by chemicals, metals and non-metallic mineral products companies fell.

Economists had expected that investment would rise sharply, given that the corporate sector is increasingly cash rich and that recent surveys have suggested that the recent strong manufacturing growth has started to create capacity problems in some sectors.

The Engineering Employers Federation, which had been predicting that a surge in investment would boost the UK engineering sector, yesterday admitted that it was "disappointed" by the figures.

Mr Ian Thompson, economist at the federation, said the figures could be affected by the system of seasonal adjustment used, which reduced the third quarter's real investment spending by about a tenth.

He said: "The published figures are disappointing but it doesn't necessarily mean that the upward trend in investment has run out of steam."

Separate indicators yesterday suggested that companies were relatively upbeat about future demand. Stocks held by manufacturers rose £181m at seasonally adjusted 1990 prices in the third quarter, compared with a £26m in the second quarter.

Growth of M4 at its lowest for a year

By Gillian Tett

The annual rate of growth in M4, the broadest measure of money supply, fell towards the lower end of the government's target range in October, official figures showed yesterday.

The Bank of England said M4, comprising bank deposits, bank lending and all other forms of money, grew 3.8 per cent in the year to October.

This was the lowest rate for almost a year, and towards the bottom of the government's target inflation for M4 of between 3 per cent and 9 per cent.

Measured on a seasonally adjusted basis, the annual growth rate was 3.9 per cent.

The size of the drop yesterday surprised the City, which had previously predicted an unadjusted annual growth rate of 4.5 per cent. In September the unadjusted annual growth rate was 4.8 per cent.

The key reason for the drop was subdued growth in the level of bank lending. Total sterling lending by the main British banks to the UK private sector rose £610m in October. Although this was higher than the very low increase in September, it was below the previous six-monthly average of £712m.

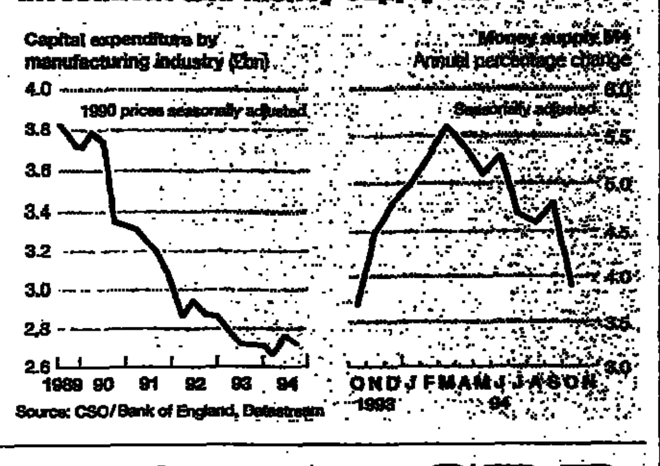
Borrowing by companies fell in the month as the corporate sector continued to repay bank debts accrued before and during the recession. Manufacturers repaid £233m in October and financial companies £341m.

Lending to the personal sector grew by £759m in October, a slightly higher level than in the previous month. But although consumer credit rose quite strongly, mortgage lending rose at a slower rate than in recent months.

The Treasury said that another reason for the drop in M4's annual growth rate was that the third tranche of British Telecom shares had depressed bank deposits.

Meanwhile, corporation tax payments had been higher this October, compared with last October, partly as a result of new initiatives to persuade companies to spread tax payments throughout the year. The Treasury said the drop in M4 suggested that companies had chosen to pay this corporation tax through their deposits, rather than by taking on new borrowing.

Investment and money supply fall



Source: CSO/Bank of England, Datastream

Mortgage lending drops 30%

By Alison Smith

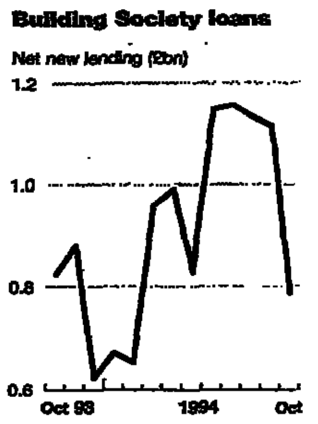
Further gloom descended on the UK mortgage market yesterday with the release of figures showing that new net mortgage lending by building societies dropped by almost 30 per cent last month compared with September, to reach its lowest level since February.

Statistics from the Building Societies Association showed new net lending at £788m in October, compared with £1.11bn the previous month.

In contrast to recent months, when figures have not been encouraging but have shown a slight rise compared with the same month last year, this is lower than the £825m net lending undertaken by societies in October last year.

While the drop may reflect fears about future interest rate rises, these loans will have been agreed before the 0.5 of a percentage point rise in interest rates during September. The rise in mortgage rates in response to that may be a further depressant factor which has yet to feed through to the figures.

Building Society loans



Source: Building Societies Association

The amount of net new commitments – which will translate into loans undertaken in the coming weeks and so is a forward-looking indicator – fell to £2.81bn in October from £2.97bn the month before. Although the October level is higher than the same month last year, the drop between September and October is greater this year.

The number of net new commitments – at 46,000 – was lower than in October last year when it stood at 48,000.

New gross lending in October also slipped – by almost 9 per cent to £2.9bn, compared with £3.19bn in September – but remained above last October's figure of £2.6bn.

Mr Peter Williams, BSA head of research and external affairs, said the "disappointing" fall in net advances reflected the fears of interest rate rises and uncertainty in the approach to the Budget. Even the subdued levels of activity expected in the coming months could be put at risk by Budget changes, he said.

Mr Ian Shepherdson, UK economist at Midland Global Markets, said the figures for new mortgage approvals, when adjusted for seasonal variations, were the weakest since July and were clearly showing the effects of the September rate rise.

But Mr Rob Thomas, housing analyst at stockbrokers UBS, expressed doubt that the interest rate rise had an immediate effect on the lending figures. He said that more important factors were general uncertainty about the Budget and the cumulative impact of some months without a clear injection of confidence in the market.

There was, however, better news for societies on savings with an unexpectedly high net retail inflow of £871m in October – about 40 per cent more than in October last year. Mr Williams said this was probably due to recent rises in savings rates.

Consumers boost GDP rise in third quarter

By Philip Coggan, Economics Correspondent

Hopes that economic recovery was being powered by export and investment growth were dashed by yesterday's gross domestic product figures.

The breakdown of GDP from the Central Statistical Office shows that the British consumer is still going strong. Consumer spending rose 0.5 per cent between the second and third quarters and was 2.3 per cent higher than in the previous year.

While recent retail sales figures have shown signs of a slowdown in high street spending, the consumer has nevertheless been remarkably resilient in the face of this year's tax increases.

Consumers contributed about a third of the 0.9 per cent third-quarter GDP rise. Just under a half was due to the improvement in the trade position. The hoped-for investment boom faltered as gross domestic fixed capital formation fell in the third quarter – although it was still 2.3 per cent higher than a year ago.

While the upward revision to third-quarter GDP had been expected, after strong industrial production figures for September, the change in the estimate of second-quarter growth from 1.1 per cent to 1.3 per cent was more surprising.

The CSO said part of the reason for the rise was a jump in the estimate for agricultural production, but the bulk of the increase came from the services sector.

After allowing for all the revisions, GDP is about 3.2 per cent above its previous peak and 7.1 per cent above the trough reached in the recession. The revisions confirm earlier views, expressed by some of the chancellor's panel of independent forecasters, that official figures had been under-estimating GDP growth.

There are three ways of measuring gross domestic product: output, income and expenditure. The CSO found that the income and expenditure measures were growing faster than the output indicator. Revisions have been made to align the output measure with the other two.

This alignment is achieved by adjusting the stocks figure. So while the statistics show a £925m rise in stocks and work-in-progress in the third quarter, the biggest rise for five years, this statistic will be treated with caution.

Dissident Tories attacked over PO

By Ivor Owen, Parliamentary Correspondent

Mr David Martin, Conservative MP for Portsmouth South, hit out in the Commons yesterday at Tory backbenchers who forced the abandonment of plans to privatise Royal Mail.

During the resumed debate on the Queen's Speech he underlined his concern about the effect their success "could well have" on the direction of government policy.

Mr Martin resigned as parliamentary private secretary to Mr Douglas Hurd, the foreign secretary, so that he could speak on the issue.

To nods of approval from some of his backbench colleagues Mr Martin complained that the right policy and the right future for Royal Mail had been "scuppered" by the dissidents.

He said it should be left to Labour and Liberal Democrat MPs to argue that free enterprise and the free market could not provide services in the public interest.

Mr Martin said that Royal Mail required a great deal more money and freedom to compete with domestic and foreign rivals. The crucial argument was whether this could be done with ministers and civil servants deciding how much money was required, or with private money raised through commercial channels.

Mr Martin highlighted the success achieved by British Telecommunications since it took control of the telecommunications network from the Post Office.

While criticising the "ridiculous salaries" paid to top executives in water and electricity undertakings, he said that the overall success of privatisation would help the Conservatives to achieve a further general election victory.

During the debate Mr Michael Howard, the home secretary, announced new restrictions on the home leave privileges available to prisoners nearing the end of their sentences, or on compassionate grounds.

Insisting the safety of the public had to be paramount, he said that, with immediate effect, a much more rigorous risk assessment would be made before any temporary release was permitted.

The new system was likely to lead to a cut of about 40 per cent in the number of prisoners released temporarily.

● The government hopes to secure an early change in the law authorising the confiscation of money and property acquired through criminal activities in the six years before a court conviction.

A bill to achieve this objective is in preparation and Mr Michael Howard, the home secretary, told the Commons yesterday that it would have government support if introduced as a private member's measure by a backbench MP.

The bill would also ensure that the confiscation order could not be avoided by serving a term of imprisonment in default.

The ballot for the right to introduce private members' bills will be held on Thursday.

Move to attract foreign companies to Ulster

By Stewart Dalby in Belfast

More than 400 international companies are being invited to the International Investment Forum on Northern Ireland, to be opened by Mr John Major in Belfast on December 13.

Mr Ron Brown, the US commerce secretary, is expected to address the conference, which is aimed at boosting the number of foreign companies investing in the province as part of the process of reviving its economy in the wake of IRA and Loyalist ceasefires.

Tackling Northern Ireland's endemic high unemployment is seen as an important part of the peace process. The province's unemployment rate – 12.7 per cent – remains about 3 percentage points higher than the national average. Unemployment is particularly high among males in city centres such as Belfast and Derry.

The Industrial Development Board for Northern Ireland says the province has enjoyed one of its best years for foreign investment.

In the 12 months to March 1994 new investment totalled £505m, of which £260m was new foreign inward investment. The inward investment created 2,300 new jobs net. The investment figure for this year should be higher because of the controversial Hualon project from Taiwan.

The IDB believes that the province's violent image has deterred potential investors. The conference will be told that a peaceful Northern Ireland holds considerable attractions for foreign investors – with a highly skilled workforce based on engineering industries and wage levels 16 per cent lower than those in mainland Britain.

The IDB says land and property is considerably cheaper than in Great Britain. It is able to offer a package of incentives which can include 50 per cent of start-up costs.

● Mr John Hume, leader of the nationalist Social Democratic and Labour party, is expected to receive a rapturous reception from the 600 delegates to the party's 24th annual conference over the weekend.

His keynote speech is expected to cover the future of the peace process in the next 12 months. Opening the conference at Cookstown, Co Tyrone, yesterday, Mr Mark Dirkan, the party chairman, reiterated the SDLP demand for a dual referendum on both sides of the Irish border on any political agreement reached about the future of Northern Ireland.

Clouds over the sunset regions

Alan Pike on why a new funding system for community care has hit coastal and rural councils

At a social services conference on the Isle of Wight two years ago Mrs Virginia Bottomley, the health secretary, announced funding arrangements for the reform of community care that even her critics admitted looked unexpectedly generous.

Ironically, the Isle of Wight county council this week became the first local authority to have spent dry its community care budget, only two thirds of the way through the financial year.

The island – where more than a quarter of the population is above retirement age – is not alone in facing problems. Gloucestershire County Council, with its care programme £1m in the red, started handling only emergency cases from Tuesday. Other local authorities are likely to be in serious difficulties before the end of the financial year.

The new community care system is intended to help elderly people and those with handicaps live in the community rather than institutions, and the councils in trouble are those in coastal and rural areas with big elderly populations.

The government has no plans, at least at present, to make emergency funds available to councils such as the Isle of Wight, which says it needs at least £500,000 to keep community care services running until April. But if more councils run into trouble in the coming winter ministers may be forced to take emergency action.

Many local authority social services officials fear, however, that the problems are not temporary but the first evidence that the financial regime announced by Mrs Bottomley two years ago was not generous enough after all.

The immediate difficulties for authorities such as the Isle of Wight and Gloucestershire arise from changes in the allocation of funds between 1993-94 and 1994-95. In the first year of the new system money was divided between individual councils on a 50-50 basis which took account of population structures – factors such as the proportion of elderly people – and the number of residential homes in each area.

This benefited coastal and rural councils with large numbers of residential homes but was disastrous for cities such as London, which have relatively few homes but face heavy pressure on community care services. So this year funding was calculated on population structure alone, to the disadvantage of areas such as the Isle of Wight and Gloucestershire.

However, Ms Denise Platt, Association of Metropolitan Authorities undersecretary for social services, regards the change in the allocation formula as a red herring. She said: "It has pushed the immediate pressure from one part of the country to another. But the real problem is that the volume of people seeking community care services is much higher than was expected when the financial arrangements were introduced."

This view was supported by Mr Deryk Mead, Gloucestershire's director of social services, this week when he announced the county's financial crisis. He said: "We have had 18 months' experience of implementing care and the number of people coming forward is far higher than was expected two years ago. The government had attempted to devise a fair formula but now had to recognise that things had "worked out differently in practice".

Local authorities blame "cost shunting" by the National Health Service for part of the unexpectedly high number of people seeking community care, with patients who might have previously received long term nursing care being referred instead to councils' community care services and budgets.

These budgets are still heavily concentrated on providing residential care. Although the new system is intended to free funds for domiciliary care, these new services are proving slow to develop in many areas.

Ms Platt said another factor was that the highly publicised community care reforms had proved a victim of their own success. Elderly people were exhorted to go to their local councils for community care assessment and had done so.

Councils have powers to vary the criteria by which they define individuals' care needs. The easiest way of making the available money go further is to adopt tighter criteria.

But with so few councils in Conservative control, demanding more money from the government is likely to prove a more politically acceptable option.

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The risks of euphoria

Like an errant teenager, the British economy has often promised to change its ways, only to disappoint. Usually those in charge are themselves deceived, before deceiving almost everyone else. This has now become the main danger confronting the UK. As in much of the industrial world, things economic have been going increasingly well. Maybe, as economists at the Hongkong and Shanghai Bank have argued, this is the end of the inflationary era. But any policy-maker who acts on that assumption would be a fool.

Fortunately, Alan Greenspan, the cautious and wily chairman of the Federal Reserve, does not fall into this category. By raising short-term interest rates a further three-quarters of a percentage point this week, he and his colleagues acted to slow the rate of expansion of the US economy to what they believed, on the best available evidence, to be its sustainable rate of economic growth. They may be wrong. But it was still the right thing to do.

If a policy-maker turns out to be over-optimistic, the economy will overheat and inflation will rise to excessive levels. The costs of wringing inflation out of the system, once forward momentum has become strong, are high and in part irreversible, while the time required to do so is also long.

In the UK, for example, the price paid for the 13.8 per cent expansion of the economy between 1986 and the second quarter of 1990 was almost four years of recession and slow recovery, before output finally returned to its previous peak level. Even in the third quarter of this year, GDP was only 3 per cent above its previous peak.

If, however, policy had been more cautious in the late 1980s, the expansion might well have continued – or at least the subsequent downturn could have been shorter and shallower. If, for example, economic growth had averaged as little as 2¼ per cent a year since 1986, output this year would be 2½ per cent greater than it now seems likely to be.

These considerations must guide policy-makers, not least a chancellor of the exchequer framing a budget. He must not confuse the cycle with the trend. He has also to keep his head, while all around are losing theirs.

Good news

Certainly, almost all the news is good. Gross domestic product grew 4.2 per cent in the year to the third quarter, with 30 per cent of the expansion generated by the improvement in net exports. Notwithstanding rapid economic growth, the trade deficit on goods and services is estimated at less than 1 per cent of GDP in the first three quarters of 1994. Retail sales continue to expand at a measured pace. They were up 0.1 per cent between September and October and 3.1 over October 1993. The public sector borrowing requirement in April to October of this year is already £7.2bn less than it was last financial year.

Seasonally adjusted unemployment fell another 46,000 in the month to October 13, to 2.52m. It is 455,000 down from its peak in December 1992. With output per head rising 6 per cent in the three months ending September 1994, unit labour costs in manufacturing also fell by 1.4 per cent over that period.

Average earnings

The decline in unit labour costs partly reflects the slow rate of increase in earnings. The underlying annual increase in whole economy average earnings remained at 3¾ per cent in September, which is consistent with achievement of the government's inflation target of 1-2½ per cent by the end of this parliament. That target has already been achieved, with retail prices, excluding mortgage interest payments, rising just 2 per cent over the year to October. This index is, in fact, no higher than in May. With broad money provisionally estimated to have expanded over the six months to October at an annualised rate of just 2.4 per cent, even monetarists will be unable to detect the smallest danger of inflation.

It is always possible to find something to moan about: gross fixed capital formation declined by 1 per cent over the last quarter. In all, however, the picture is one of rapid growth with low inflation.

It is possible that it will stay so. Credit growth is slow because the housing market has been flattened, partly by the decline in nominal prices during the last recession. Consequently, monetary growth has almost disappeared. The commitment to full employment is known by wage bargainers to have gone. Unions are much weaker than before, as the cavalier way they are being treated by Mr Blair's Labour Party demonstrates. Meanwhile, greater competition within the economy seems to transmit disinflationary forces into lower prices, not just into lower levels of output.

Hoping that this expansion will be different – longer, stronger and, above all, less inflationary – than previous ones is reasonable. But that outcome is not certain and must not be assumed in policy. Let policy-makers position themselves to be pleasantly surprised. That way they also have the best chance of ensuring both they – and the British people – actually will be.

Ireland's political crisis could hardly have occurred at a more awkward time for the peace process, says **John Murray Brown**

An unwelcome diversion

Eleven weeks after the IRA ceasefire, fresh uncertainty has descended on the Northern Ireland peace process, throwing up the possibility of further delays in the political negotiations to end the 25-year-old conflict.

On Thursday Mr Albert Reynolds, Ireland's prime minister, was drummed out of office, after allegations that he misled parliament over an controversial extradition case involving a paedophile catholic priest.

The resignation of Mr Reynolds has left Ireland under a caretaker administration, while parliament tries to agree a new coalition. But the absence of a government in Dublin has also left the delicate peace process apparently frozen.

The crisis was triggered by opposition to the appointment by Mr Reynolds of Mr Harry Whelehan, a former attorney general, as president of the Irish High Court.

Mr Whelehan's former office is facing allegations that it delayed for seven months the extradition of Father Brendan Smyth to face charges in Northern Ireland of child abuse. Mr Whelehan has also been involved in other controversial cases, including the investigation in 1991 into the misuse of official export credits in Ireland's beef scandal. As attorney general, he issued an injunction in the notorious 1992 "X-case" to prevent a 14-year-old rape victim travelling to the UK for an abortion.

When Mr Reynolds persisted in making the appointment, the coalition between his Fianna Fail party and Mr Dick Spring's Irish Labour party collapsed after 22 months in office. Mr Reynolds resigned as prime minister before a parliamentary vote of confidence that he would have lost. Mr Whelehan, the cause of the crisis, resigned from his new office.

At one point, however, it seemed that the affair might have much more far-reaching consequences. Mr Pat Rabbitte of the Democratic Left, told the Irish parliament of documents that would "rock the foundations of the state".

Rumours circulated in the Dail, Ireland's parliament, that the head of the Catholic Church, Cardinal Cahal Daly, may have intervened on Father Smyth's behalf – a rumour quickly scotched by the Cardinal with good humour.

Irish trio: Bertie Ahern (left), a possible successor to Albert Reynolds (top right), and Labour leader Dick Spring

Such was the massive public interest in the drama unfolding in the Dail, even pilots on Aer Lingus flights felt obliged to provide their customers with constant in-flight updates as the government teetered.

Dublin's troubles could hardly have occurred at a more awkward time for the peace process. The UK and Irish governments have been locked in talks on the framework document that will form the basis of future talks involving Ulster's principal political parties. Ideally, this would have been finalised before London begins the exploratory talks it has promised to open with Sinn Féin before Christmas.

Some disruption to the timetable now seems unavoidable. Agreement between the parties on a new coalition could be days, perhaps weeks away. If the search fails, parliament will be dissolved and the country will have to go to the polls. That would certainly require prolonged negotiations over a new coalition before a government could be formed. It could be into the New Year before the Irish are ready to push the peace process forward.

The composition of any new coalition could have wide ramifications for the peace process. All the Irish parties are publicly committed to the process and all have endorsed the Downing Street Declaration that was signed by Mr Reynolds and Mr John Major last December.

However, it is widely believed in Dublin that Fianna Fail, a party formed to oppose partition and the 1921 Anglo-Irish Treaty, may be better placed to persuade the hardline republicans of Sinn Féin to go along with a settlement.

Mr Reynolds was criticised, even in Dublin, for being over-hasty in embracing the Sinn Féin leaders, greeting Mr Gerry Adams, the party's leader, with a handshake on the steps of Government Buildings less than a week after the IRA ceasefire. However, Mr Reynolds argued that a bold gesture was needed from Dublin to bolster the moderates in the movement. Similar thinking was behind his idea of a cross-party Forum for Peace and Reconciliation, which had its third sitting in Dublin Castle yesterday.

There are many officials in Dublin who feel it will be difficult in the short term for a new government to achieve the sort of understanding with Sinn Féin that Mr Reynolds and his top advisers enjoyed.

Such rapport may be hard to replicate with a government led by Fine Gael, the main opposition party, a conservative party that is identified historically as the pro-1921 treaty party. With Fianna Fail on the opposition benches, Fine Gael might also find it harder to promote the constitutional change that unionists in the North see as a central part of any settlement.

Fianna Fail meets today to elect a new leader to succeed Mr Reynolds. The two names put forward so far are those of outgoing finance minister Mr Bertie Ahern and Justice Minister Mrs Maire Geoghegan-Quinn. Under a new leadership, Fianna Fail may be able to form a new coalition with Labour. The policy programme agreed between the two parties as the basis for the coalition that is now dissolved remains to be completed. However the bitter taste of this week's events will not be easily swallowed.

The alternative coalition options may be no easier to put together. Fine Gael, the main opposition party, could form a parliamentary majority with Labour and one of the smaller parties. But relations between Mr Spring and Mr John Bruton, the Fine Gael leader, are described as frosty.

Without an early resolution of the political uncertainty, however, progress on the peace process is likely to be impaired.

One more element of doubt

David Owen on how London views this week's events

The UK government is doing its best to play down the impact of the power vacuum in Dublin on the Northern Ireland peace process. From London's perspective, there is nothing to be gained by adding to the sense of crisis that Mr Albert Reynolds's resignation has threatened to stir up.

Most leading Ulster politicians have come round to a similar position. Even Mr Gerry Adams, president of Sinn Féin, the IRA's political wing, emphasised this week that the peace process was "bigger than any of us" – although he warned of "widespread concern" among nationalists about the effects of Mr Reynolds's removal.

Mr Adams's choice of words was uncannily similar to that of Mr David Ervine of the Progressive Unionist party, which speaks for some loyalist paramilitaries. According to Mr Ervine, "this is a bigger issue than any individual".

Both moderate and hardline unionists have indicated that on balance they think the peace process will gain from the fall of a prime minister whom they felt was influenced to an uncomfortable degree by Mr Adams.

More important, they argue, is whether the IRA is ready to renounce violence permanently. Many unionists remain unconvinced. Mr William Ross, the Ulster Unionist chief whip, says: "I have always been sceptical and I have seen nothing in recent weeks or days to change my mind."

However, the collapse of the Dublin coalition has added new elements of doubt to a process that was already difficult. The piece of the jigsaw most clearly in danger is the much-delayed joint framework document the two governments have been striving to agree.

This document will form the basis of future talks involving Ulster's principal political parties. At its heart will be a constitutional trade-off under which Dublin would remove its territorial claim to the province in return for changes to the 1920 Government of Ireland Act enshrining partition.

Speaking within hours of Mr Reynolds's resignation, senior British officials said the two governments were "close" to agreement. But this week's events are unlikely to help the work of the so-called "liaison committee" of British and Irish officials who are working on the framework document.

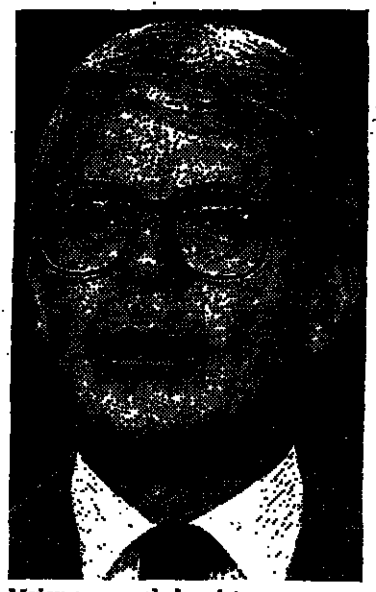
The pace of progress on exploratory talks with Sinn Féin and loyalist representatives – due to start before Christmas, provided the ceasefire holds – may also be slowed. This is because the liaison committee has yet to complete its work on developing a co-ordinated north-south approach to decommissioning paramilitary arsenals.

The British government expects the handover of these weapons to be close to the top of the agenda when these talks get under way. Unless the committee continues to work while a new Irish government emerges, London may have to start the talks before the liaison committee's report is ready. Officials can pursue technical points in the absence of a government in Dublin, but they will soon need fresh political direction.

Another imponderable is the personal chemistry between Mr Major and the new Irish premier. While the UK prime minister and Mr Reynolds had their disagreements, they seemed to be on the same wavelength. This was invaluable in underpinning the peace process's credibility at moments when relations between London and Dublin were strained.

London will be keen for Mr Dick Spring, leader of the Irish Labour party, to retain a prominent role in the process. This would ensure an element of continuity.

Although Mr Major has won plaudits for his handling of the peace process, there was a growing feeling, even before this week, that time was beginning to press. Events in Dublin have reinforced that feeling, but have also made it more difficult for the two governments to respond to it.



Major: personal chemistry

MAN IN THE NEWS: ***André Middelhoek***

A figure of frugality

Poring over European Union accounts is a pastime that Mr André Middelhoek finds so gripping that he even makes a few hours on a Sunday afternoon for the sport.

In the smart Luxembourg suburb of Heisdorf, he surrounds himself with papers chronicling the minutiae of how the EU eats up around Ecu70bn (£55bn) of European taxpayers' money each year.

But not everyone is grateful for his diligence. This week, in his capacity as president of the Luxembourg-based Court of Auditors, the EU's main financial watchdog, Mr Middelhoek caught the headlines with a report on mismanagement, fraud and waste in EU spending.

Packed with examples of lax spending controls, in areas from building to wine production, the 484-page annual report has raised the hackles of officials at the European Commission. "He is more a seeker of publicity than of solutions," said one senior European Commission official.

The 62-year-old Dutch economist, a former budget director in the Dutch ministry of finance, has worked at the court since its inception in 1977 and has been president since January 1993. His main aim has been to increase the court's authority over the financial operations of the Commission and the member states – and, according to a colleague, to "show to European citizens that someone is looking after their money".

As a job, Mr Middelhoek's is close to impossible. No-one can say how much EU fraud exists, he says, although experts reckon that between 2 per cent and 10 per cent of the budget is wasted either through poor controls or criminal actions. But his task is made more difficult by the peculiarly unwieldy nature of the court itself.

Although many observers believe it is meant to detect fraud, its remit is "to monitor the management of [EU] funds and point out areas within this field where improvements need to be made". About half the EU budget is spent on farm subsidies via the common agricultural policy – an area said to involve some 70m cash transactions a year – while another quarter goes on regional spending aimed at boosting the economies of the EU's poorer countries. Monitoring these kinds of flows means scouring mountains of paperwork, and interviewing hundreds of government officials from the member countries who spend most of the EU's budget.

It is the court's 430 staff, roughly half of whom are professional auditors, who perform this seemingly endless task. They aim to look at each main item of the EU budget in reasonable detail every five years. In November the court publishes its findings in its annual report, and every month or two it publishes documents looking at specific issues, such as the cash spent on tobacco farming or cotton.

What the court looks at, and when, is decided by a panel of 12 nominally independent officials, one from each EU member state, who work full-time in Luxembourg on renewable six-year contracts. They come from backgrounds in law, politics or government service, and every three years they elect one of their number as president.

The panel also draws conclusions on where things need to be improved, and negotiates these changes. It is in this area that Mr Middelhoek's record has been most criticised.

Combining the panel's disparate officials into a single efficient operation has proved particularly difficult. The then British court member, Mr Jo Carey, said two years ago that the institution often seemed like a "rudderless ship". Mr Middelhoek's efforts to improve matters through sessions for strategic thinking have helped a little, although doubts remain over the organisation's cohesion.

Although gifted with a sharp mind and unflagging energy, Mr Middelhoek is also said to lack the diplomatic skills needed to win acceptance from the Commission and member states for new procedures to control spending.

"Middelhoek's good at banging the drum about fraud and waste, but he's not so good at establishing the relationships to start putting things right," said one EU official.

Officials at the court do not disguise that their relationships with the commission are poor, and commission insiders suggest Mr Middelhoek's lack of finesse has been responsible for much of this. He has, for example, had a stand-up row with Mr Bruce Millan, the blunt Brussels commissioner for regional aid, who felt he was being lectured.

Mr Middelhoek is unhappy that he has never had a proper discussion with Mr Jacques Delors, the outgoing Commission president. But the absence of a meeting is put down on the commission side to the court president's prickliness.

Even Mr Middelhoek's supporters, though praising his dedication and his ability to work for 18 hours a day, say the Dutchman can sometimes lose patience with those around him. "He's not always the most charming boy," said one.

Mr Middelhoek certainly does have a combative side, asserting that no EU member state is keen enough to combat waste and mismanagement. His row with Mr Carey was particularly bitter. In response to Mr Carey's comments about the court's lack of direction, he said earlier this year: "We have read it all and say [rude noise]."

Mr Carey last year left the court, and is now involved in mediating between the commission and member governments on disputes over agricultural spending.

To many, Mr Middelhoek's qualities would seem ideally suited to a mission to seek out impropriety and push for change. However, the last two years have shown that, in his particular job, diplomacy is as essential as determination.

Mr Middelhoek is in the van of those pressing the Commission to introduce hefty fines on member governments that lack sufficiently tough spending controls. Many would argue Brussels also needs to introduce more auditors into its policy directorates to ensure cash is spent wisely.

Mr Middelhoek has just one year left in office to persuade the new crop of commissioners that he is not just out to grab the headlines, but is also working at solutions.

Peter Marsh

The fall of the WALL

Surprising reversal of fortunes

Anthony Robinson on the return to power of the former communists

The return to power at free elections of politicians with roots in the pre-1989 communist past counts as one of the most fascinating aspects of the post-Soviet world.

It is particularly remarkable because it has occurred in countries where the rehabilitation of remodelled former communists might have been least expected.

These include Lithuania, invaded by the Soviet army in 1940 and forcibly incorporated with the other Baltic states into the Soviet Union. Last year Algirdas Brazauskas, former communist leader, was elected president. His renamed Democratic Labour party had previously trounced the constitutional nationalists in parliamentary elections.

In Hungary, where citizens fought Soviet tanks in the streets of Budapest in 1956, Mr Gyula Horn's socialist party, heir to the Communist party, won a majority of seats in this year's parliamentary elections. And in Poland, which had been in a state of semi-insurrection against communist rule for most of the 1980s, Mr Alexander Kwasniewski's Democratic Left Alliance (SLD), the Communist party's successor, is the largest party in the ruling coalition.

Part of the explanation lies in the nature of the last communist governments in these countries. They were led by pragmatic, nationalistic, reform-minded leaders, permitted, even encouraged, by Soviet President Mikhail Gorbachev to embark on structural political and economic changes unthinkable under his predecessors.

In countries such as Hungary in 1989, the younger generation of communist leaders were people who had been doing deals and making compromises with their citizens much like ordinary politicians for years.

The process was often corrupt and morally corrupting. It was summed up in bitingly accurate jokes such as "they pretend to pay us and we pretend to work" or "he who does not steal from the state robs his own family".

For ordinary people, this involved trying to live a private inner and family life and getting around the system as much as possible. For the leaders, it meant conceding as much freedom to their peoples as Moscow would turn a blind eye to, for the sake of peace and quiet.

This tacit compact between rulers and ruled, which involved millions of ordinary citizens in moral and material compromises, was the main reason why the revolutions of 1989 turned out to be mainly non-violent and surprisingly lacking in vengeance.

Even so, the speed of rehabilitation of former communists has surprised even those who have benefited. Hungary's Mr Horn fought as a communist against the rebels in the 1956 uprising against the Soviet-backed communist regime. While he could claim credit for opening the Austro-Hungarian border section of the iron curtain as foreign minister in 1989, many were surprised to see him back in power within five years of the fall of the Berlin Wall.

They were also surprised by Poland's Mr Kwasniewski. Five years ago, he was one of the closest collaborators of Mr Mieczyslaw Rakowski, Poland's last communist prime minister during the round-table negotiations with Solidarity that led to defeat for the communists in the subsequent elections.

But in September 1993, Mr Kwasniewski's SLD became the largest party in the Polish parliament and part of the ruling coalition. Since then, he has been stealthily working towards a realignment of Polish politics, bringing the social democratic wing of the former communists into alliance with the liberal free-market and centrist factions of the Solidarity movement to create a stable, democratic centre/left party.

In much of post-communist Europe, the electoral success of the former communists can be attributed – at least partly – to the failure of the politicians who took power after the collapse of the Soviet empire. The new politicians who have emerged from the rubble of communism were inevitably inexperienced amateurs.

Most were dissident academics, intellectuals or artists, such as Lithuania's Vytautis Landsbergis, a music teacher; Hungary's Jozsef Antall, a history teacher; or Poland's Tadeusz Mazowiecki, a catholic intellectual and publisher.

They inherited bankrupt economies, passive bureaucracies responding only to commands, and a long wish-list of expectations. Widening income differentials between the new entrepreneurs and the unemployed, old and sick swiftly led to disillusion with change among significant parts of the electorate that the former communists have been swift to tap.

(From left) Algirdas Brazauskas of Lithuania; Gyula Horn of Hungary; and Poland's Alexander Kwasniewski

The country that has proved most impervious to the blandishments of recycled communists is the Czech Republic. Much of the credit for its swift transition to a market economy goes to the political skill and economic clear-mindedness of Mr Vaclav Klaus, prime minister since mid-1992.

Mr Klaus, contemptuous of what he calls "irresponsible intellectuals" with their hankering after a soft "third way" between the rigours of capitalism and the blandishments of socialism, hoisted the standard of balanced budgets, low inflation and mass privatisation. Opinion polls indicate that he and his party will probably return to power after the 1996 elections.

In addition to the problems of emergence from totalitarianism and collapse of the integrated Soviet economy, many of the former communist countries faced the difficult task of state-building. Millions of people who had been subject to powerful empires – Hapsburg, Ottoman or Romanov – in pre-communist days found that the collapse of the Soviet empire gave them the opportunity of self-determination. Ukraine and Belarus in Europe and the central Asian republics for the first time enjoyed independent statehood.

It is hardly surprising under the circumstances that the combination of political inexperience, reawakened ethnic and cultural identity and economic chaos overwhelmed most of the hesitant politicians and economic reformers who bravely set out on the uncharted voyage of transition in 1989.

Neither is it surprising that the countries that have moved furthest and fastest along the path to "normality" are those with the strongest national identities, the biggest middle classes and most developed economies in the pre-second world war period. Czechoslovakia, Hungary, Poland and the Baltic states retained distant memories of independent national status and democracy that had been snuffed out after the war.

The greatest problems remain in Russia and other states of the former Soviet Union, which were heading for a form of constitutional monarchy before the Bolshevik revolution in 1917. They have no democratic tradition to draw upon in rebuilding their societies.

Five years after the fall of the Berlin Wall and three years after the collapse of the Soviet Union, it is clear that the return to political "normality" and reintegration into the world economy is the task of decades, and probably generations.

This is the third in a series on the consequences of the fall of communism. Previous articles appeared on November 9 and 11

Michael Skapinker on the competition implications of today's UK lottery draw

Night of the big gamble

The millions who sit down in front of their television screens tonight to watch the first draw in Britain's new national lottery will not be the only ones quivering with tension.

Football pools operators, bingo hall proprietors, betting shop owners and managers of other gambling concerns are deeply apprehensive about the damage their businesses could suffer as a result of competition from the lottery. On Monday, they will begin examining their sales figures and assessing the initial impact of a lottery that has sold over 30m tickets in its first week.

The gambling industry and leisure analysts are unanimous about which sector will suffer most. Mr Stephen Devany, head of public affairs at Ladbroke, which owns casinos, the Vernons pools operation and 1,950 betting shops, says: "The pools give us the greatest concern."

Mr Devany says the pools and the lottery are similar attractions: both involve choosing numbers. While the pools are based on the outcome of football results, few entrants think about the results of matches. Mr Devany says that 90 per cent of pools players choose the same numbers every week.

There has been some cheer for pools operators in the run-up to the lottery's launch. Legislation affecting the pools has been changed to allow them to compete more effectively:

- The minimum age for pools players has been lowered from 18 to 16.
- Pools coupons can now be distributed through betting shops.
- Coupons can also be distributed through retail outlets (while this went on in the past, the law was unclear on whether it was actually allowed).
- Under certain circumstances, the pools can roll over their unwon prizes from week to week to build up a bigger jackpot.

Mr Devany says: "We suspect the business will decline, but our job is to make the decline the slowest possible."

Mr Simon Johnson, an analyst at Barclays de Zoete Wedd, believes that view is optimistic. The decline of the pools "is likely to be terminal", he says.

Pools players tend to be over 45 and are more likely to be men than women, Mr Johnson says. While existing participants might continue to fill in their coupons, younger people will find the lottery more attractive, he says. As older pools players die, they are unlikely to be replaced.

Mr Johnson believes, however, that casinos will not be significantly affected by the lottery. A visit to a casino is a social event – and a relatively expensive one. The £1 required for a lottery ticket is unlikely to deflect a serious gambler from visiting a casino.

Mr John Garrett, managing director of the Rank Organisation's recreation division, which includes its casino operations, goes along with this view but has been running some special promotions anyway to try to keep regular customers' loyalty.

Members visiting Rank casinos have been asked to put their business cards into a barrel. Tonight, cards will be picked out and winners will receive prizes of up to £500 worth of national lottery tickets.

The gambling industry is unanimous about which sector will suffer most: football pools operators

Of greater concern to Mr Garrett is the effect of the lottery on Rank's bingo halls. Rank's research revealed that about 9 per cent of its bingo players thought they might need to divert some of their spending from bingo to the lottery.

Mr Garrett says that, in limiting the damage, his most important task is to maintain the loyalty of his regular customers. In particular, he wants to make sure they turn up at the bingo halls tonight rather than staying home to watch the lottery draw. The winning lottery numbers will be announced in Rank's bingo halls as soon as they are available. Some bingo halls will have television screens showing the draw live.

Rank has also been giving customers its own version of the national lottery card, with six numbers chosen for them. If their numbers match those drawn by the national lottery tonight, they will win a prize of £100,000. The amount seems tiny compared with the forecast lottery jackpot tonight of £6m, but Mr Garrett says: "If my punters win £100,000, they will be over the moon."

Mr Johnson says he expects betting shop businesses to be damaged in the early days of the lottery, but predicts that they will recover. He thinks some industry estimates of a 5 per cent fall in turnover are unduly pessimistic.

A relaxation of betting shop restrictions should help to minimise the impact, says Mr Devany. Betting shops are now allowed to remain open on summer evenings. From the beginning of next year, they will be permitted to have clear street-front windows, allowing passers-by to see the inside of the shops. There will also be 12 days of Sunday racing next year.

Opinion over the effect of the lottery on amusement machines is divided. While leisure analysts and machine owners say there is likely to be some fall in business, they are putting their faith in a hard core of machine gamblers who, they believe, are unlikely to change their habits.

Mr Garrett says Rank has been counting the customers going into its amusement machine centres this week and there does not appear to be any fall in numbers. He will only know next week, however, whether they have been feeding fewer coins into the machines.

While gambling businesses remain uncertain over the precise impact of the lottery, they are unanimous on one point: the relaxation of the restrictions on their industry does not go far enough.

The philosophy underlying UK gambling legislation is that operators must not stimulate demand. This means, for example, that betting shops cannot be listed in the telephone directory. Bingo companies can advertise, but the advertisement may not carry the address of a bingo hall. Pools companies can advertise in newspapers and magazines, but not on television or radio.

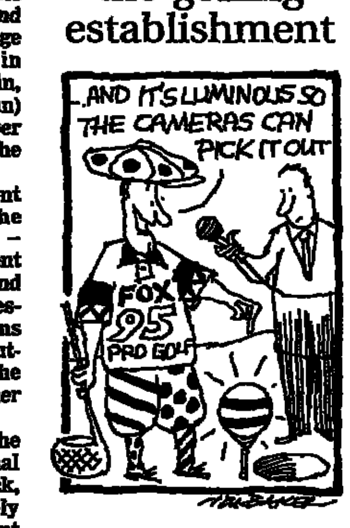
Leisure operators argue that the advent of the lottery has made nonsense of the notion that people should not be encouraged to gamble. They say that the government, as sponsor of the national lottery, has become the biggest promoter of gambling, backed by a huge advertising campaign.

Mr Michael Howard, home secretary, acknowledged the force of some of these grievances last week in a speech to the British Casino Association. He said the ban on casino and betting shop advertising would be reconsidered. The maximum number of jackpot machines would be increased in casinos, bingo halls and members' clubs.

As they await tonight's draw, the gambling industries console themselves with one thought: there will be millions more lottery losers tonight than winners. They hope it will not be long before they can begin filling the bingo halls, casinos and amusement arcades with disillusioned lottery punters.

Fox goes for birdie

Tim Dickson on Murdoch's challenge to the golfing establishment



Rupert Murdoch is no stranger to upsetting establishments, as Britain's tabloid-tormented royal family knows to its cost.

But this week it emerged that the Australian media magnate's Fox Broadcasting plans to co-sponsor a $25m World "Tour" for top golf professionals. This marks as colourful and audacious an attack on entrenched sporting interests as he has yet launched.

Supported by one of the world's top players, Greg Norman – called the "Great White Shark" for his flowing blond hair – Fox proposes to stage eight tournaments (five in North America, one in Britain, one in Spain, one in Japan) with top prizes of $600,000 per event and a $1m bonus to the overall annual winner.

The development has sent shock waves through the game's governing bodies – notably the Royal and Ancient Golf Club in St Andrews and the long-established Professional Golfers Associations (PGA) – and stirred dire mutterings that the prestige of the Open championship and other events could be damaged.

It is also likely to focus the spotlight on the controversial figure of Mark MacCormack, whose IMG group effectively controls, through management contract, a third of the players targeted by the new Tour.

And for Murdoch's Fox television empire, which outbid CBS for the rights to the NFC's American football package earlier this year, it could further boost its ambition to become the fourth US network and wrest valuable sports properties from its rivals.

In some respects Murdoch's move is reminiscent of Kerry Packer's 1977 swoop on international cricket, which led to the famous Packer circus – of floodlit games in pyjamas and all that – and transformed the shape and character of the sport. Then, as now, the story leaked out (after a party thrown by England cricket captain Tony Greig). Then, as now, the underlying business issue was an Australian's ambition to exploit TV rights on an international scale.

It is possible that professional golf will not be the same again, but in other respects the Packer analogy is flawed. Unlike their cricketing couterparts of 17 years ago, top golfers such as Nick Faldo, Bernhard Langer and Colin Montgomerie are fantastically well paid – even if some of the professional journeymen who make up the numbers at tournaments and consistently end up among the also-rans live in caravans or hire bed and breakfast rooms. The stars whom Murdoch is courting have no obvious need of his shilling.

Another difference is that Tony Greig, Packer's unofficial recruiting sergeant, had most of the world's top cricketers signed up before news of their defection hit the streets. This time, plenty of names are being cited on the rumour mill but Norman apart, none has yet come out publicly.

This is not to say that a Murdoch circus is not in the making. The five "Tour" bodies that administer the professional game around the world have been remarkably successful in riding the golf boom of the last 20 years. The European Tour's prize money has gone up from £500,000 in 1975 to £28m today. But the dissatisfaction of some top players goes beyond Faldo's recent criticism of the condition of some European courses, before he headed off to play more in the US.

The issue for most of them – as articulated by Norman this week at his Shark Shootout tournament in California – is not so much the money as a desire to play each other more often. Trudging round international tour events, other than the so-called "majors", partnering a tournament no-hoper, is the good club amateur's equivalent of playing with a 36 handicapper.

The scheme also makes commercial sense to Fox, since the fans are mainly interested in what is happening to the handful of players who routinely show up on the leader board.

Many of the 30-40 stars that Fox now hopes to cherry pick anyway believe that the vast majority of unsung and unknown professional players have been riding on their coattails. The PGA Tours in Europe and the US – which represent all players and claim a wider responsibility for the "orderly progress" of golf – are both constitutionally and philosophically unable to satisfy their wishes.

Battle lines are being drawn, with both PGA Tours vowing to protect their jurisdictions against Fox incursions. But even the PGAs' "conflicting events rule" – which gives the authorities a say over which events contracted players can enter – will count for little if Murdoch woos enough names.

IMG could be pivotal. The group's worldwide golf operations co-ordinator and senior executive vice-president, Alastair Johnston, said from New York last night that IMG had "been approached by Fox in an exploratory capacity".

He said each client would be counselled and each would have a different perspective, "but I can tell you now that the draft contracts submitted by the organisers are entirely unacceptable. We couldn't approve them.

"We are not going to be bought," he said.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Electronics can offer the opportunity to achieve a deeper level of democracy

From James Walsh

Sir, In his article, "Virtually real democracy" (November 15), Joe Rogaly highlights some of the undoubted dangers of armchair democracy. However, his argument is based on the incorrect premise that electronic democracy is inherently dangerous.

Surely the premise should be that, in a democratic society, greater representation of the electorate is for the underlying good? This is not to say that there are no dangers: the extremes outlined by Rogaly must clearly be avoided.

Global interactive media offers enormous opportunity for the voice of the individual to be heard. But, as important, it provides the channel through which the individual can be informed and educated.

Not only can it give access to more information in the current one-way format, but interactively, it allows users to pose questions and receive answers, and make comments and air concerns. It also allows them to forge associations nationally and internationally.

Surely an enlightened electorate and responsive global democracy is worth striving for.

But the era of increased interactivity poses two main challenges to government and the media. First, in the same way as governments of the 19th and 20th centuries were faced with a widening of democracy, so the governments of today and tomorrow must seize the opportunity of deeper democracy. Second, the media will have a far greater responsibility to inform the electorate and to shepherd information – but not to distort or lead.

And, with information and the access to it increasingly synonymous with power, the role of government will be to make sure this power is equitably distributed.

James Walsh,
14 Bridge Square,
Farnham,
Surrey GU9 7QR.

No wriggling out of Pergau refund

From Mr Roger Briottat.

Sir, Your editorial, "Utter contempt" (November 16), rightly condemned reports that the UK Treasury is considering ways to wriggle out of the High Court judgment that the decision to give £234m of aid to the Pergau dam was unlawful.

The judges ordered the government to unravel the financial mess, and awarded the World Development Movement the right to return to the courts if the money is not returned in full to the aid budget.

The refund of this money, illegally spent on an uneconomic project, would give a much-needed boost to an aid programme fully stretched to meet the stated objectives of tackling poverty and promoting development. The amount is, for example, twice as much as all British aid for water and sanitation for the past five years.

It seems somewhat remiss that the foreign secretary, when faced with vigorous opposition from his aid department to this uniquely large project, did not take legal advice – especially since that possibility was considered internally.

It is unforgivable that there should be any talk now of subverting the High Court's judgment. The law deserves a little more respect. And WDM, determined that justice shall be done, will not hesitate to return to the courts if necessary.

Roger Briottat,
director,
World Development Movement,
25 Beehive Place,
London SW9 7QR

Short contracts will not attract best managers

From Mr Roy Goddard.

Sir, The National Association of Pension Funds, in its zeal to correct a wrong, has forgotten some of the reasons that originated long rolling contracts.

I have little or no sympathy with under-performing directors who lose their jobs because of incompetence or worse. However, what about directors who lose their jobs because of ill health or unwelcome takeovers? Is it fair that they suffer? I think not.

I worked in headhunting for more than 25 years at the highest level. No able manager already running a successful business is going to consider a change unless there is some underpinning of the risk. The potential loss of pension rights, maturing stock options, bonuses and other fringe benefits cannot be sufficiently compensated in a move by a large salary increase.

From time to time most companies need the infusion of a high-level manager from outside and will seek such an individual in a very competitive market place. Two- or three-year contracts have been part of the inducement for individuals to undertake the risk.

In spite of careful selection, advice of headhunters and due diligence by prospective candidates there is still a significant chance of the individual and company not jelling.

I suspect that, in future, top managers approached about a change of job only carrying a one-year contract, will feel the balance of risk has swung too far the other way.

Roy Goddard,
10 Norfolk House,
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An educational challenge

From Mr J G C Lander.

Sir, In his article "The old school lie" (November 10), John Authers's comment, "Parents place increasing weight on exam results", attracted my attention. As parents who have sacrificed holidays abroad, etc, to finance education, our aim has been to prepare our children for life rather than just university entrance. My wife and I want our children to be successful with their relationships with others as well as contributing with their professional expertise.

As an employer I do not look for the candidate with the highest academic achievement, I seek the candidate who will achieve the results I need. This often requires a range of qualities, particularly those dealing with people successfully – customers, suppliers, subordinates, peers and others.

May I challenge the FT to produce surveys showing the value of schools in producing contributors to our community while at the same time leading rewarding and happy lives.

J G C Lander,
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Verbal not oral agreements

From J A G Stonehouse,

Sir, Without wishing to be pedantic may I point out that all agreements are verbal? (Financial Planning, November 12/13).

The word verbal is derived from the Latin verbum meaning word, which can be written or spoken. The true distinction is between agreements which are oral and those which are in writing. This was pointed out to me very forcefully, but courteously, some 40 years ago as a pupil barrister when attempting to draft a pleading under the gimlet eye of a man who subsequently became a very senior judge. It is a lesson in logic I have not forgotten.

J A G Stonehouse,
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GrandMet's involvement in Inntrepreneur reduced

By Roderick Oram, Consumer Industries Editor

Grand Metropolitan and Foster's Brewing Group have refinanced Inntrepreneur Estates, their British pub joint venture, and given it an independent management in an attempt to improve its performance.

The partners remain joint owners, however, leaving unresolved the long-term future of Inntrepreneur. GrandMet, keen to focus on its drinks and food businesses, was thought to be seeking a buyer for its stake. "The market is disappointed that GrandMet has not made a complete exit," an analyst said.

Its shares fell 2p to 408p.

Lord Sheppard, GrandMet's chairman, said Inntrepreneur might be "floated in three or four years when it achieves its value. It does not fit our strategy." Meanwhile, Grand Met's financial and management involvement would be reduced by the new arrangements.

Australian-based Foster's is known to be reviewing whether to sell Courage, the British brewer through which it holds its stake in Inntrepreneur. With 20 per cent of Courage's output sold through the 6,000-pub estate, the City saw the strengthening of Inntrepreneur as a prerequisite to any decision on Courage. Courage's agreement to supply the estate expires in March 1998.

GrandMet has managed the joint venture since the partners pooled their pubs in 1991. It has been criticised for running Inntrepreneur more like a property company than a pub business. Some licensees have complained about the terms of their leases.

"Whitbread and others have spent more time developing relations with licensees than GrandMet has," one analyst said.

The changes will bring Inntrepreneur's management "closer to the lessee," said Mr Mike Foster, Courage chairman. "It is about selling beer not just bricks and mortar."

Under the terms:

- GrandMet and Courage will each convert £84.5m of interest-free loans to Inntrepreneur into equity and inject a further £28m of new equity into it.
- An £800m main bank facility has been agreed with a group of lenders consisting of National Westminster, Sumitomo, Chase Manhattan, Citibank and JP Morgan. These have less restrictive covenants than Inntrepreneur's existing loans.
- Inntrepreneur will repay to GrandMet a £360m interest-bearing loan.
- The freehold of 320 Chef & Brewer pubs leased to Scottish & Newcastle will be transferred from Inntrepreneur to Morgan Grenfell, the merchant bank, for an in initial £203m pending sale of the freeholds.
- Inntrepreneur's pubs have been written down by a further £20m, or 1.4 per cent.

After the refinancing, Inntrepreneur will have net borrowings of £969m and shareholders' equity of £424m. Analysts estimate profits of £40 to £50m pre-tax in its first year.

See Lex

BFI disputes Attwoods break-up value

By Peggy Hollinger

Browning-Ferris Industries yesterday claimed Attwoods' shareholders could get as little as 56p or 88p in the break-up being presented by the UK waste services company as its last-ditch defence to the hostile £391m bid.

Mr Philip Angell of BFI said his company's alternative illustration of break-up values showed the tentative nature of Attwoods' proposals. "It is a very iffy proposal," he said.

BFI has attributed a range of values to Attwoods' businesses which Mr Angell described as being nothing more than a reasonable scenario.

It values the European waste business at $15.2m (£9.2m), the US operations at between $340m and $500m, and the German business at $56.8m. After deducting costs of the break-up and tax charges of $30m, and debt and preference repayments of $264m, BFI estimates Attwoods would net between $274m and $434.7m.

Attwoods dismissed the estimates. "If they think those are the real numbers it rather surprises us that they bid for us in the first place," the company said. The multiples used by BFI for valuing the US businesses were at least half the market average, Attwoods said.

However, it appeared last night that BFI's increased offer of 116.75p per share, plus a 3.25p dividend, had won over shareholders. One investor criticised the break-up strategy as toothless. He said it put no value on the promised return to shareholders.

"Cash today as opposed to promises tomorrow is a lot more attractive," he said.

BFI already has the support of Attwoods' largest shareholder, Laidlaw of Canada. Laidlaw has agreed to sell its 29.8 per cent stake and 73 per cent preference holding to BFI under the terms of the original offer.

Perhaps, not surprisingly, shareholders felt the offer, which had been increased from 109p, was still too cheap.

"It was tough when we did not have another bidder," said one institution. "It means we were essentially bidding against ourselves."

Trombone changes bid tone

David Wighton considers BAe's response in the battle for VSEL

The timing and funding structure for British Aerospace's increased offer for VSEL may have taken City observers slightly by surprise. But few had doubted that BAe would respond to GEC's rival bid. And few now doubt that the battle has a long way to go.

The fight over VSEL is part of a wider struggle between GEC and BAe for dominance in the UK defence business. For both companies the stakes are high.

Although BAe's share price fell in response to the novel rights issue yesterday, the general City reaction was that the company had significantly strengthened its hand.

Not only has it matched GEC's cash offer and topped it with its share swap terms, it has given itself the flexibility to raise the terms again if GEC continues the bidding.

Mr Sandy Morris, engineering analyst at NatWest Securities, described the timing and structure of the offer as astute. "The bid had started to look like a *fait accompli* but BAe has shown itself prepared to go head to head with its major competitor. At least it will emerge with its reputation enhanced."

BAe's institutional shareholders also expressed support, although some took the cynical view that the company thought it had little chance of winning and had structured the funding to guarantee itself a £178m equity injection if it failed.

BAe said the novel two-stage fund raising, known in the City as a "trombone issue", enabled it to compete with GEC on equal terms.

Under the terms of the original bid BAe offered shares worth about £12.60 per VSEL share with a cash alternative of £11.40, provided by selling shares to institutions which were underwriting it for a fee.

If BAe wanted to increase the terms its advisers would have to go back to the institutions to underwrite the cash alternative.

"The process makes you as visible as a herd of elephants to the opposition who can see exactly what you are going to do," said one of BAe's advisers. But by raising money through an underwritten rights issue BAe can increase the terms without going back to the institutions.

"We can act very quickly, very simply and very secretively," said Mr Richard Lapthorne, BAe's finance director. BAe argues the move puts it on more level terms with GEC which plans to fund its bid from its large cash pile.

In effect BAe has asked its shareholders for a blank cheque. To give some comfort to the institutions it has agreed to ask for shareholders' approval before declaring a successful higher bid unconditional.

BAe's chances of success are partly in the hands of the Office of Fair Trading. BAe has argued strenuously that GEC's bid should be referred to the Monopolies and Mergers Commission on competition grounds. GEC already owns Yarrow, the UK's other big warship builder.

Some observers have suggested that if the GEC bid alone were referred to the MMC BAe could have won control of VSEL with its original offer. However, BAe said yesterday that it believed VSEL shareholders would now not accept less than GEC's £14 a share, even if GEC was barred from bidding. "Expectations have been raised," said Mr Lapthorne.

He denied that the improved offer reflected an assumption by BAe that GEC's bid was unlikely to be referred alone. Mr Dick Evans, BAe chief executive, even suggested that BAe's move might improve the chances of GEC being referred by demonstrating that BAe's financial position was not an issue.

Another potential benefit of the improved offer is that it may allow BAe to buy VSEL shares in the market. It cannot do so at a price above the value of its share offer, which has prevented it making such purchases so far.

Yesterday VSEL shares closed at £14.88, just 16p above the value of BAe's share offer.

GEC already holds 15 per cent of VSEL and cannot currently make further purchases under the Takeover Code.

Thanks to its tax losses and £100m of unrelieved advance corporation tax BAe would pay no tax on VSEL's profits. It calculates that even at the higher offer a successful takeover would enhance its earnings per share by more than 10 per cent next year.

NatWest Securities believes that taking over VSEL would now boost its earnings from 35.7p to 40p, compared with 42.4p under the original terms. Other analysts believe the enhancement would be slightly smaller and that the deal would actually dilute earnings thereafter.

However, most believe BAe would raise the stakes again in the likely event that GEC continues the bidding.

Development of the takeover battle

September 29: VSEL announces takeover talks with unnamed party, subsequently confirmed as BAe.
October 12: BAe launches agreed £480m offer worth about £12.60 a share with cash alternative of £11.40.
October 18: VSEL announces 5 per cent rise in interim pre-tax profits to £30.2m.
October 21: Takeover Panel asks GEC to clarify its intentions towards VSEL.
October 28: GEC makes £14 a share cash bid valuing VSEL at £532m.
November 18: BAe increases value of share offer to about £14.80 and raises cash alterative to match GEC at £14.


Dick Evans: BAe's financial position was not an issue

Visits to institutions raise RJB Mining's fund raising prospects

By Peggy Hollinger

RJB Mining's prospects of receiving backing for its £914m bid for British Coal's English mining regions looked brighter yesterday after a week of institutional visits, in spite of doubts which have dogged the company's plans.

Institutions said they were encouraged by the details revealed in meetings this week, which have been published by the Financial Times.

One fund manager, who admitted he had been shaken by public doubts over RJB's coal price and volume assumptions, said he left the meeting "very reassured".

Mr Richard Budge, chief executive of RJB, had given a "very good performance".

Shareholders have sought comfort on at least two issues before giving their support to the expected £425m equity issue: that RJB should be able to pay off the debt it incurs – at present expected to be bank debt of about £528m; and that price and volume assumptions are realistic, particularly after 1998 when lucrative electricity generator contracts come to an end.

On the first issue, institutions are believed to have received comfort over the level of debt RJB will have to pay. In addition, institutions expect capital investment to be half the rate of depreciation. This will free cash flow to service debt.

On RJB's price and volume assumptions, institutions still vary. One said the recent publicity would ensure close questioning when RJB presented its proposals.

"Looking at the prices they hope to achieve, they seem a bit optimistic," the shareholder said. Volume assumptions also seemed a bit high. However, the shareholder said he would reserve judgment until after the presentation.

Another shareholder dismissed the doomsday scenarios which have raised questions about the volumes of coal that Mr Budge said he would be able to sell after 1998. "It is certainly not the case that on April 1 1998, when the contracts end, the whole thing disappears up his backside," he said.

Ibstock makes £15m Scottish purchases

By Geoff Dyer

Ibstock's move to concentrate on its core business of manufacturing building materials was reinforced yesterday with the purchase, for up to £14.8m, of two Scottish brick companies, Centurion Brick and Scottish Brick Corporation.

Ibstock, the UK's third largest brick maker, paid £9.05m cash and has assumed about £5.5m in debt, which it plans to pay off immediately. It may pay a further £200,000 on completion depending on the value of the combined net assets. The previous owner was Law Holdings, a private company with coal mining interests.

Centurion operates a factory at Tannochside, near Glasgow, producing 50m facing and engineering bricks a year. Scottish Brick owns a mothballed factory at Bishopbriggs, also near Glasgow. Ibstock plans to install a new tunnel kiln at a cost of about £6m.

Mr Ian Maclellan, group managing director, said Ibstock's 10 per cent share of the UK cement market would rise to 13 per cent and that Ibstock would become the largest producer and seller of bricks in Scotland.

BAe will raise maximum £535m

By David Wighton

British Aerospace is relying on a new trombone to help it win the fight for VSEL.

Two-stage rights issues, nicknamed trombones, have become increasingly popular as a method for funding bids since first introduced in the UK by Kleinwort Benson, BAe's merchant bank.

Most recently, GKN used such a structure to fund its hostile bid for Westland. The traditional method is to split the issue into a first tranche, which is underwritten in the normal way, and a second tranche which only goes ahead if the bid is successful.

This means that if the bid fails, the company is not left with much more cash than it needs, which is likely to dilute earnings.

In BAe's case, Kleinwort has introduced a new twist, making the second tranche not merely conditional but also variable. If the bid fails, BAe will get only the £178m from the first tranche.

If it succeeds, BAe will get from the second tranche only the extra sum it needs to satisfy those VSEL shareholders who opt for the cash alternative. The maximum raised from both tranches will be £535m.

The mechanics are that British Aerospace shareholders will be able to subscribe for one "stock unit" for every three shares held with an initial instalment of 130p.

A second instalment of up to 260p will be payable if the revised offer goes unconditional. The units will then convert into ordinary shares.

Shares on which the second instalment is not paid will be forfeited, so BAe is virtually guaranteed the second tranche money and only the first tranche has been underwritten.

BAe wanted the first tranche to be as small as possible, but the Stock Exchange would not allow it to be less than a third of the total. In previous examples, the two tranches have been of equal size.

Mr Tim Shacklock, joint head of corporate advisory at Kleinwort, believes the technique will be adopted by other companies in similar situations. "I have had a lot of people ringing up asking why nobody thought of it before."

The costs will be based partly on the scale for rights issue and partly on the system for underwritten cash offers.

BAe, which spent about £10m underwriting the first offer, faces another bill of at least £10m, depending on the length of the bid.

NEWS DIGEST

S Staffs Water rises 22%

South Staffordshire Water Holdings raised pre-tax profits by 22 per cent from £5.8m to £7.1m in the six months to September 30, on turnover 8 per cent higher at £30m, against £37.8m.

Mr Lindsay Bury, chairman, said operating costs had been well contained as a result of initiatives on performance-related pay and cost control. Operating margins had improved from 23.4 per cent to 25 per cent.

Net interest charges fell to £400,000 (£700,000), as a result of continued improvements in debtor control procedures. After tax of £2.1m (£1.2m) earnings per share came to 84p (80.8p).

The interim dividend is stepped up from 16.5p to 19p.

Chester Water

Chester Water reported pre-tax profits up from £1.07m to £1.23m for the six months to September 30.

Turnover was £3.08m, compared with £3m.

Profits were helped by the lack of non-recurring costs of £159,000 relating to the financial reorganisation when the company gained plc status, a further reduction in costs in the core business and an increase in income from non-core activities.

Earnings per share were 7.3p (6.3p) and the interim dividend is 1.95p, compared with 1.7p adjusted for the share sub-division.

Brackenbridge

Brackenbridge, the USM-traded bridal and formal wear group, returned to the black at the interim stage with pre-tax profits of £32,000.

The outcome for the six months to September 30, which compared with losses of £239,000 last time and £6.39m for the full year to end-March, came on turnover of £5.56m (£7.49m, including £1.39m from discontinued operations).

After a nil tax charge, earnings per share were 0.04p (losses of 0.29p).

Dunloe House

Directors at Dublin-based Dunloe House Group announced yesterday that they were not engaged in any commercial discussions or negotiations which might explain the volatile behaviour of the group's share price over the last month.

The shares in the group had risen from 18p on October 21 to 30p on November 17.

Radstone at £1m

Radstone Technology, a supplier of open architecture computer subsystems, reported a sharp jump in pre-tax profits from £221,000 to £1.01m, for the half year to September 30.

The results are the first since it came to the market in February.

Mr Rhys Williams, chairman, said the improvement mainly reflected a more even pattern of sales in the current year and the timing of shipments on a small number of production contracts.

Turnover advanced by 22 per cent to £14.7m (£12m) generating operating profits of £1.11m (£349,000). Earnings per share came through at 3.98p (0.12p) and a dividend of 0.825p is declared.

TR Property

Benefits emanating from the £39m purchase earlier this year of a property portfolio from PosTel and a substantial cash raising exercise underpinned the interim revenue account at TR Property Investment Trust.

Rises in rents and unfranked investment income, although partly offset by increased administration expenses reflecting the larger portfolio, contributed to a 28 per cent advance in attributable revenue for the six months to September 30, to £2.48m, against £1.93m.

Earnings per share, however, dipped to 0.61p (0.68p) on capital increased by the C share issue.

The interim dividend is maintained at 0.4p.

Net asset value at the period end was 38.8p, against 36.2p a year earlier and 42p at March 31 this year.

Black Arrow

A marked improvement in activity helped Black Arrow Group, the furniture and leasing company, lift pre-tax profits from £346,000 to £1.13m in the half year to September 30.

Turnover grew 68 per cent, from £7.64m to £12.8m.

However, Mr Arnold Edward, chairman, cautioned that he did not wish at this stage to predict the full year results because of the "fragility of the economy".

With earnings per share well ahead at 2.93p (0.78p), the interim dividend is doubled to 1p.

Cambridge Water

Cambridge Water lifted pre-tax profits by 54 per cent from £1.77m to £2.72m for the six months to September 30, on marginally reduced turnover of £7.47m, against £7.63m.

Earnings per share climbed from 394p to 500p and the interim dividend is lifted to 125p (65p), partly to reduce disparity.

The company said income and expenditure had been in line with forecasts and budgets. New connections were being made at about the same rate as last year, which was well below the long term average.

Personal Assets

Personal Assets Trust had a net asset value of £86.47p at October 31, a rise of 1.3 per cent on its April year-end figure of £85.34p.

The independently managed trust's benchmark – the FT-SE-A All-Share Index – declined by 2.8 per cent during the same period.

Earnings per share in the six months to end-October were unchanged at 108p. As already announced, a second interim dividend of 100p will bring the total for the year to 200p (195p).

Worldcatch sale

Receivers of Worldcatch, the property company which went into receivership in February with debts of approximately £39m, have sold the leasehold interest in a London building for £36m.

The building, 2-14 Baker Street, comprises 73,495 sq ft of offices, 16,678 sq ft of retail units and a restaurant.

Mr Chris Barlow, joint administrative receiver from Coopers & Lybrand said the sale followed an extensive marketing campaign. "As a result I will be in a position to pay my appointing bank in full."

Ashbourne

Ashbourne Holdings, the nursing home operator which announced a placement and public offer of 33.3m ordinary shares earlier this month, received applications for 2.67m shares. It had allocated a minimum of 5m shares to the public offer.

The 33.3m shares were initially placed with institutions at 150p and the 2.67m shares to satisfy the public offer have been clawed back.

Ashbourne, which was the subject of a management buy-out last year from Stakis, the hotels and casinos group, is raising £48m after expenses to pay off debt.

Thomas Locker

The absence of losses from activities now disposed of and improved results from several continuing businesses resulted in a return to pre-tax profit at Thomas Locker, the general engineering group, in the half-year to September.

On sales of £14.4m (£13.5m) from continuing businesses, pre-tax profit amounted to £104,000. The previous first half saw a loss of £329,000, including £200,000 from discontinued activities, on total sales of £17.3m.

The interim dividend is maintained at 0.2p, payable from earnings per share of 0.15p (0.67p losses).

The company said that the profits turnround included £309,000 from the elimination of losses from Associated Perforators and Weavers and Locker Asia.

Lincat acquisition

Lincat Group, the USM-quoted designer and maker of commercial catering equipment, is acquiring Imperial Machine Company (Holdings), a catering and bar equipment manufacturer and supplier, for £6.1m.

The consideration is satisfied by £501,000 in cash and £5.62m by the issue of 2.39m shares. It is also proposed that a dividend of £560,000 net be paid to the vendors.

In the nine months to August 31 IMC made pre-tax profits of £651,000 on turnover of £4.24m. Its net assets of £2.5m at end-August will be reduced by the proposed dividend.

Following the acquisition, Mr Paul Bouscarle, managing director of IMC, will join Lincat's board as chief executive.

Lincat also announced that it was applying for a full quote.

M&G Income Inv

M&G Income Investment Trust suffered a fall in net asset value per capital share from 78.47p to 70.3p over the year to October 31.

After-tax revenue for the nine months to end-October grew from £9.34m to £10.7m and earnings per income share came to 4.32p (3.79p). The third interim dividend is held at 1p for an unchanged 3p in the nine months.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Black Arrow	int	1	Jan 3	0.5	-	3.1
Cambridge Water	int	125‡	Jan 3	65	-	190
Chester Water	int	1.95	Dec 21	1.7♥	-	5.1♥
Perpetual	fin	25	Jan 12	13.2	35	15
Radstone Tech	int	0.825	Feb 10	-	-	-
S Staffs Water	int	19	Jan 3	16.5	-	52
TR Property	int	0.4†	Jan 9	0.4	-	0.9

Dividends shown pence per share net except where otherwise stated. †On increased capital. ‡Partly to reduce disparity. ♥Adjusted for sub-division.

Hammerson pays £55m for French shopping complex

By Simon London

Hammerson, the property company which sold its Australian portfolio last month for £250m, has started to reinvest the proceeds by acquiring a shopping centre near Paris.

The company is paying Unibail, the French property group FFr459m (£55m) for the Espace St Quentin centre in the new town of St Quentin en Yvelines, 20km south-west of Paris.

The centre includes 117 units amounting to 206,000 sq ft of retail space. At the purchase price, the initial yield is 8.3 per cent. Hammerson sold its Australian assets on an exit yield of 5.3 per cent.

Espace St Quentin was opened in 1987 and is 99.5 per cent let to tenants including Benetton, Etam and Naf Naf. Annual net rental income is about FFr40m, with rents linked to the level of construction prices and turnover achieved by each store.

Mr Ron Spinney, chief executive, said: "We believe there will be opportunities to add value to this property by active management."

Hammerson already owns eight French properties, but the acquisition marks its first shopping centre investment. As in the UK, France now operates a planning regime which discourages out-of-town shopping centres in favour of town centre developments.

Mr Spinney said that Hammerson was looking for further acquisitions in France.

"We are continuing to look at retail properties and will consider buying offices but only in prime Paris locations with good specifications," he said.

Firecrest to raise £1.1m from offer for subscription

Firecrest Group, which has interests in advertising, sales promotion, media and leisure related businesses, is to raise £1.1m before expenses from an offer for subscription.

The offer, of up to 3.67m ordinary shares at 30p, is being made by Gerrard Vivian Gray, part of Gerrard and National.

The shares are dealt under Rule 4.2 and assuming full subscription, the group will have a market value of about £5.5m. No existing shareholders are selling shares.

Directors forecast pre-tax profits of not less than £402,000 for 1994 and consider that not less than £917,000 can be achieved in 1995.

Mr Roy Capper, chairman, pointed out that the profit projections took no account of any positive or negative revenue from the proposed launch of "Collect".

This project is due to be launched in 1995 and is based on a smartcard points-based loyalty system, which has been developed in partnership with a large media group.

The latest date for receipt of applications is December 9.

Perpetual surges to £35.4m and sees similar this year

On turnover almost doubled at £1.52bn for the year to September 30, against £842m, Perpetual, the unit trust management group, reported a strong advance in pre-tax profits from £14.7m to £35.4m.

The result also reflected an increase in management fees and other operating income from £18.4m to £37.7m.

Mr Martyn Arbib, chairman, said that unless circumstances deteriorated significantly, "it would be disappointing if we did not match the reported results in the current trading year".

He expected management fee income to exceed comfortably this year's figure but feared that sales revenue might decline.

During the year funds under management increased from £2.03bn to £3.5bn with £1.32bn of net new money.

Mr Arbib said the company had again won a number of awards enabling it to increase its share of the market. "According to the latest industry figures we have become the largest unit trust provider, measured by sales, in the retail market."

Personal equity plans accounted for 39 per cent of sales and over the last six months Perpetual said it had the greatest share of the market.

It now has 200,000 clients with £1bn of funds under management.

Earnings per share came out at 92.38p (39.11p) or 83.48p fully diluted.

A final dividend of 25p (13.2p) is proposed for a total of 35p (15p).

Honda races ahead in first half

By Michiyo Nakamoto in Tokyo

Honda, the Japanese carmaker, more than doubled pre-tax profits in the first half in spite of disappointing domestic performance. It was lifted by strong sales in North America and Europe, cost-cutting measures, and the sale of its stake in Rover, the UK automotive group.

This was the first time in four years that Honda was able to report a rise in profits, the group said. The outlook for the second-half performance was even better as car sales in Japan in the latter half were expected to recover, it added.

In the six months to September, Honda enjoyed buoyant demand in the North American and European markets which supported a 6 per cent rise in group revenues to Y1,991.4bn ($20.3bn) from a previous Y1,874.8bn.

Recurring profits – before extraordinary items and tax – more than doubled to Y56.7bn from Y22.5bn previously, although the figure was helped by a Y14.6bn gain from the sale of Honda's 20 per cent share in Rover, acquired by BMW of Germany. Net income more than tripled to Y38bn from a previous Y9.3bn, also helped by a Y12.8bn gain from the Rover sale.

In Europe, Honda's sales were supported by an increase in output of UK-made Accords during the period and imports of US-made Civics. As a result, Honda was able to maintain price competitiveness against other Japanese carmakers in the region and became the only Japanese manufacturer to increase market share in Europe, Honda said.

In the period from January to the end of October, 29 per cent, or 44,700 units, of the 153,500 vehicles Honda sold in Europe were manufactured in the UK, it said. This figure would increase further when Honda started manufacturing its European Civic model in the UK next year.

In contrast to its strong performance in North America and Europe, Honda continued to suffer in the Japanese market during the period with unit sales falling 5 per cent. The value of its Japanese car sales increased marginally on a consolidated basis helped by the popularity of its imported cars and a decline in inventories, but fell 5 per cent on a non-consolidated basis.

Motorcycle sales for Honda, which is a leader in the world markets, increased moderately as weakness in industrialised markets was offset by strong Asian sales.

Honda expects firm results in the second half on the back of improving world markets, including Japan, a better product mix and continuing cost-cuts.

The company has recently introduced a recreational vehicle in Japan which has seen strong demand.

For the full year, Honda forecasts consolidated sales to reach Y3,991.4bn compared with Y3,862.7bn and net profits to rise to Y60bn, against Y23.7bn last year and an earlier forecast of Y52bn.

Chase pays $363.5m for US Trust arm

By Richard Waters in New York

Chase Manhattan, the US bank, agreed to pay $363.5m for the custody and other securities processing businesses of US Trust, reinforcing its strong position in these markets.

The all-stock transaction will bring Chase about $237bn in additional assets under custody. Of these, $127bn are held for institutional investors for whom US Trust acts as domestic or global custodian; $74bn are assets of US mutual fund groups; and $36bn are held for closed-end investment trusts.

The acquisition will confirm Chase's position as the biggest global custodian of securities. With US Trust's 50 per cent share of the US investment trust business, it will also become the biggest in this field.

Investors marked down the bank's share price on fears that the deal would dilute earnings per share. Chase said it would counter this by increasing its stock buy-back programme to purchase the same number of shares it issues under the transaction.

Absorbing US Trust's securities servicing businesses will cost about $40m, but lead to annual cost savings of $20m to $25m thereafter, Chase said.

Metallgesellschaft loss widens

By Andrew Fisher in Frankfurt

Metallgesellschaft, the German trading and industrial group which nearly collapsed as a result of controversial deals in US oil futures, yesterday announced an increased net loss of DM2.7bn ($1.8bn) for the 1993-94 financial year and said it now looked with confidence to the future.

The preliminary figure compared with a loss of DM1.97bn for the previous year to September 30.

Turnover was down to DM20.1bn from DM26.1bn as a result of asset sales and withdrawal from unprofitable businesses.

MG Corporation, the US subsidiary responsible for the oil futures debacle, incurred a pre-tax loss of DM2.9bn.

The company, which only survived after a DM3.4bn rescue package led by creditor banks, repeated its expectation of a positive operating result for the current year.

This should total well over DM100m. Its trade, plant construction, chemical and financial services activities would all contribute to this result.

Bank indebtedness fell to DM3.1bn, which was matched by liquid assets, from DM7.4bn at end-December 1993.

Metallgesellschaft again said the annual meeting next March would decide on capital restructuring measures, but gave no details.

A reduction in share capital followed by a rights issue is one possibility.

The company said with the closing of the 1993-94 financial year, all visible risks from its US subsidiary had been dealt with in the balance sheet. The company has sold subsidiaries, shareholdings and property to strengthen its finances.

In recent months, the way the oil futures contracts were unwound has been the subject of a furious debate.

Metallgesellschaft and Deutsche Bank, a leading creditor and shareholder, have defended themselves against claims by US economists that the method of unwinding actually increased the losses.

ABB improves 23.7% to $266m

By Ian Rodger in Zurich

ABB Asea Brown Boveri, the world's largest power engineering group, reported pre-tax profits of $266m for the third quarter. This was a 23.7 per cent advance from the same period last year and was mainly due to cost-cutting.

New orders jumped 33 per cent to $7.1bn, continuing the strong trend established in the first half.

At the end of September, the group's order backlog stood at $33.3bn, 17 per cent higher than a year earlier.

Revenues in the third quarter were up 5 per cent to $6.9bn, reflecting improving conditions in many markets.

For the nine months, revenues were up 1.2 per cent to $20.04bn and operating profits advanced 16 per cent to $1.65bn.

Mr Percy Barnevik, chief executive, said he was pleased the group had been able to raise its operating margin in the first nine months from 7.2 per cent to 8.2 per cent in spite of flat sales. Personnel costs continued to be driven down by the shift of operations to low labour cost countries.

Pre-tax profits for the nine months were ahead 21 per cent to $874m.

The group said demand for standard products improved steadily, but investment goods sales grew more slowly. The first signs of an upswing in the order intake from continental European markets were visible.

LVMH sells 4% stake in Guinness

By John Ridding in Paris

LVMH, the French luxury goods group, yesterday said it had sold a 4 per cent stake in Guinness, reducing its holding in the UK drinks company to 20 per cent.

The French group, which made a pre-tax capital gain of about £50m ($82m) on the sale, said the operation was in line with an agreement made at the beginning of the year when the two companies restructured their cross-shareholdings. Under the terms of the agreement, Guinness exchanged its 24 per cent stake in LVMH for a 34 per cent holding in Moët Hennessy, the LVMH cognac and champagne business.

LVMH said the company had no plans to reduce its Guinness holding further. "We are merely completing the restructuring of our shareholding which we agreed in January," it said.

Some industry observers expressed surprise at the timing of the move. "I thought they might wait in the expectation of a strengthening in the Guinness share price," said one analyst at a French merchant bank. "LVMH had until next June to make the sale, and the beer and spirits markets may improve with economic recovery."

Proceeds of the sale will strengthen LVMH's financial position. The company's net debts, which stood at about FFr15bn ($2.8bn) at the beginning of the year, will fall to about FFr4.6bn.

Mr Bernard Arnault, LVMH chairman, has used the group's improved financial position to launch a series of acquisitions. Following the conclusion of January's agreement with Guinness, the French group took a majority stake in Guerlain, the fragrance house, in a FFr1.9bn deal.

LVMH is set to take control of Celine, the luxury goods company, from Bon Marché, which is part of Mr Arnault's group of companies.

Industry analysts expect further investments and acquisitions.

Sweden seeks $5bn loan from international banks

By Martin Brice and Nicholas Denton in London and Christopher Brown-Humes in Stockholm

Sweden is asking international banks to lend it $5bn in one of the world's biggest syndicated loans in this year.

The pricing on the five-year loan is extremely low, with a facility fee of Libor (London interbank offered rate) plus 4 basis points and an annual fee on the amount drawn of 4 basis points, making a total of 8 basis points over Libor.

These are even keener terms than for a loan arranged by Chemical Bank for Spain in the summer which was priced at an annual interest rate of Libor plus 4.5 basis points and a facility fee of 4.25 basis points.

The loan for Sweden is being handled by Citibank and J.P. Morgan.

Mr Staffan Crona, director-general of the Swedish National Debt Office, said: "Our biggest loan was the Ecu8bn deal in September 1992. This loan is to repay maturing debt." He does not expect the loan to be drawn on this year.

Sweden, which according to Mr Crona has a borrowing requirement for calendar 1994 of SKr180bn ($24.5bn), is the world's biggest sovereign issuer on international bond markets.

Bond traders yesterday estimated that a Swedish government eurobond would need to be priced to yield close to Libor.

In a syndicated loan, one or two banks arrange a transaction and parcel out portions of the loan to share the risk. The market for syndicated loans has increased dramatically this year because prices for loans have fallen as banks, which have rebuilt their balance sheets, compete aggressively for new assets.

● Gencor, the South African mining conglomerate, yesterday launched a $537.5m seven-year syndicated loan to pay for the purchase of Billiton, the international resources company bought from Shell in July for $1.3bn. UBS, the co-ordinating bank, plans to bring in banks which have a relationship with the company.

It said lenders were expressing strong interest in the deal. Other banks involved include Barclays, Crédit Suisse and Dresdner.

Greyhound Canada plans airline

By Bernard Simon in Toronto

Greyhound Lines of Canada plans to move out from the languishing long-distance bus business by forming a low-cost, no-frills airline.

The Calgary-based bus company, which operates the same familiar silver and blue buses as its US counterpart but no longer has any direct corporate link with it, is confident that an airline would complement its bus services.

For example, it would offer tickets combining bus and air travel. Greyhound Canada is 69 per cent owned by Dial Corp of Arizona, which sold its interest in Greyhound Lines, the ailing US bus company, in 1987.

Greyhound Lines this month avoided a second brush with bankruptcy by offering a large equity stake to its creditors.

Dial, whose business centres on consumer products, said it was considering disposing of all or part of its stake in Greyhound Canada to facilitate the formation of the airline. Under Canadian law, foreign investors are limited to a 25 per cent stake in a domestic air carrier.

Greyhound Canada said it had not decided how the airline would be structured. It is seeking outside investors in both the bus and air operations, and plans to lease up to 10 aircraft for domestic routes. Canada's air industry is dominated by Air Canada and Canadian Airlines International.

Greyhound Canada earned C$8.7m (US$6.44m) in the first nine months of this year on revenues of C$160.5m.

Goodman Fielder sees mid-term fall

By Nikki Tait in Sydney

Goodman Fielder, the ailing Australian food company, yesterday warned shareholders that first-half profits in the current year would fall, although an improved second half should produce a full-year increase.

The news of continuing poor performance – described by the chairman, Mr John Studdy, as unacceptable – was given to investors at the company's annual meeting in Sydney yesterday, setting the scene for three hours of stormy proceedings.

At the meeting, shareholders voted down the proposed appointment of Mr Neil Lister to the board, although Mr Studdy subsequently asked for a poll, the results of which will be announced on Monday. Mr Lister is one of the three new board appointees which Goodman agreed to accept as part of a deal with unhappy institutional investors in September.

Mr Lister is a director of Agrifoods, the privately-owned business belonging to Mr Doug Shears, a Melbourne-based businessman. Mr Shears received a small stake in Goodman when his Uncle Toby's business was acquired by the quoted group. The objection to Mr Lister as a director came after one shareholder pointed out that he – along with Mr Shears – had been directors of another company which went into receivership in 1990.

The reappointment of Mr Donald Hughes as a director proved contentious, with some shareholders arguing that he had been part of the board which approved generous, non-performance-related remuneration packages for now-departed executives. However, Mr Hughes was finally re-elected on a show of hands.

Competition likely to churn up and slim down dairy industry

Higher milk prices will result in more added-value products, writes Deborah Hargreaves

Two weeks ago, Britain's £8bn dairy industry was pitched into a new competitive world when the government deregulated the milk supply market for the first time in 60 years.

This has resulted in companies complaining bitterly about price increases and threatening plant closures and job losses as profits are hit.

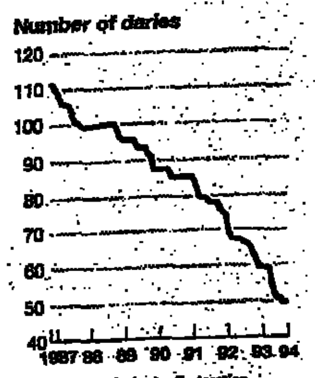
Unigate, which has already warned that the rise in milk prices would cut its profits by £10m this year, said it might have to close more dairies to compete.

Dairy Crest, the processing arm of the old Milk Marketing Board, recently announced the closure of two dairies with the loss of more than 200 jobs.

Dairy Crest's own future is uncertain as speculation is rife about a takeover bid from rival Unigate. The company is due to be sold by the residuary body which was appointed to wind up the milk board's business, but a stock market flotation has been put off indefinitely following the milk price rise.

A match between Dairy Crest and Unigate would make strategic sense as it would offer scope for rationalisation of low-grade butter/skimmed milk powder plants and cheese making capacity which have been hardest hit by the rise in milk costs.

Liquid milk dairies in England and Wales



Source: Dairy Industry Federation

A bid would be likely to attract the attention of the competition authorities, however, as it would give Unigate almost 60 per cent of the UK's butter-making capacity.

It is not just these two companies which must trim capacity: the entire industry faces a pressing need to reduce output if it is to remain competitive at higher milk prices.

Although dairy companies have shed many plants in recent years and cut milk processing capacity by 60 per cent, they have not kept up with the rapid pace of change in consumer buying patterns. Some dairy executives believe there is still considerable slack in the business.

Consumers are turning rapidly away from doorstep milk deliveries to supermarket purchases at a rate of 12 per cent a year, making many bottling plants redundant.

Mr Andrew Dare, chief executive of Milk Marque, the farmers' co-operative which has succeeded the milk board, reckons Britain has twice as much milk bottling capacity, twice as much butter/powder capacity and 30 to 40 per cent more cheese making facilities than required.

The rise in milk prices which has raised raw materials costs by an average of 11 per cent across the industry has eroded company margins to about 4 per cent.

Some City analysts believe the industry's milk bill will rise by £350m in the coming year, wiping out its entire profits.

Financial imperatives are likely to hasten rationalisation, but Mr Neil Davidson, group executive at Northern Foods and current president of the Dairy Industry Federation, the trade body, fears that if too much capacity is closed there will be insufficient facilities to cope with seasonal peaks in milk supply.

Milk cannot be stored for long and at certain times of year, when cows are calving, output increases. The extra milk must be turned into a

Andrew Dare: Britain has twice as much milk bottling capacity and 30-40 per cent more cheese making facilities than needed

product with a longer shelf life such as butter or skimmed milk powder unless it is to be wasted. This is why much processing capacity can stand idle for long periods in order to absorb peak supply when it occurs.

However, Mr Dare says the problem is not as great now as in the past. Farmers have managed to iron out much of the seasonal fluctuation in milk output in recent years – he says it is now plus or minus 5 per cent of core production.

Dairies have been slow to gear up to these changed market realities. To a large extent, they are still thrashing out a strategy in the new competitive world after having been cushioned for many years by the milk board's system for rationing supply.

They have been late in recognising the need to add value to their production and innovation has often been led by foreign competitors.

It will be much more difficult for companies to pass on higher prices for undifferentiated products. Mild cheddar cheese, for example, is vulnerable to replacement by lower-priced imports.

The industry must move rapidly to capitalise on its production of higher-value value items which are less exposed to rises in raw materials costs while rationalising commodity production to cut overheads.

Over the next three years there is likely to be a widespread shake-out in the industry. But so far the dairies have laid their problems at Milk Marque's door, resenting higher prices, and complaining to the Office of Fair Trading about an abuse of its dominant power.

Further rationalisation in the industry would help counter Milk Marque's dominance by establishing a small number of powerful buyers.

Boots: 'facing a very demanding market' Photograph: Tony Andrews

London

Market buoyed ahead of the Fed

Buy-backs boost sentiment, writes **Andrew Bolger**

Anticipation can prove more pleasurable than the real thing, and so it proved with this week's long-awaited rise in US interest rates. Having decided that a further tightening by the Federal Reserve would prove beneficial to bond and share prices, London equity traders appeared to get most of their celebrations in ahead of the event.

The FT-SE 100 gained 19.4 points on Monday and a further 40.1 points by Tuesday's close, when the City still did not know by how much the American rates would rise. News that the US authorities had gone for a higher-than-expected increase of three-quarters of a percentage point kept the market moving ahead on Wednesday, but profit-taking set in and the FT-SE ended the week at 3131, up 55.1 points.

London's buoyancy was not just due to growing confidence that the Fed would act. The equity market also benefited from a clutch of strong corporate results and optimistic economic indicators which suggested that the UK is continuing to enjoy strong economic growth, combined with low inflation.

Boots, the retailer, drew plaudits on Monday for deciding to sell its prescription drugs business for about £850m to BASF, the German chemicals and drugs group. The company had long been thought too small to compete in the drugs industry, and analysts welcomed its decision to concentrate on retailing.

Boots became even more popular the next day when it spent £508m buying back 10 per cent of its shares on the stock market. This will boost earnings per share, and helped alleviate any concerns that the company would do something rash with the proceeds of its pharmaceutical disposal.

One should not get carried away with enthusiasm, however. In common with other retailers, Boots is facing a very demanding market.

Although official figures said retail sales last month were slightly higher than last year, the rate of growth has slowed and price competition remains intense. Retailers are expecting a tough Christmas, with bargain-conscious consumers spending carefully.

Another fillip to market sentiment came when PowerGen, the privatised electricity generation company, raised its interim dividend by a whopping 27 per cent. PowerGen, which bought back 0.6 per cent of its shares earlier this year, said it was considering further buy-backs but was keeping its options open.

The government is due to sell off its remaining 40 per cent stakes in both PowerGen and National Power, the other listed generating company. National Power said it would spend more than £500m on buying back 8 per cent of its shares through the government offer.

A buy-back might not help the cause of wider share ownership, but it will enhance earnings per share – and thus generate more cash for the Treasury by increasing the value of its stake.

Another company to benefit from recovery was British Steel, which quadrupled its interim dividend after seeing pre-tax profits bounce from £27m to £159m. The group said second-half prospects were encouraging, with steel demand in the UK and continental Europe expected to grow by about 5 per cent this year.

Most of the week's economic indicators were encouraging, with news of better than expected figures for UK inflation, unemployment and public sector finances. This must have been music to the ears of Kenneth Clarke, the chancellor, as he puts the finishing touches to his November 29 Budget.

Clarke sought to calm concern that the US interest rate rise would lead to an immediate increase in UK base rates, saying on Wednesday that "at the moment, we have things well under control". But the odds on another tightening of UK borrowing costs shortened again with yesterday's news that the British economy is now growing at its fastest rate for six years.

One area of the economy that appears impervious to recovery is housing. A survey by the Royal Institution of Chartered Surveyors said the housing market remained stuck in the doldrums, with home-owners keeping properties off the market "in a seemingly futile wait for meaningful house prices".

The survey of more than 100 estate agents said less than 5 per cent of agents in England and Wales reported price increases in the three months to October.

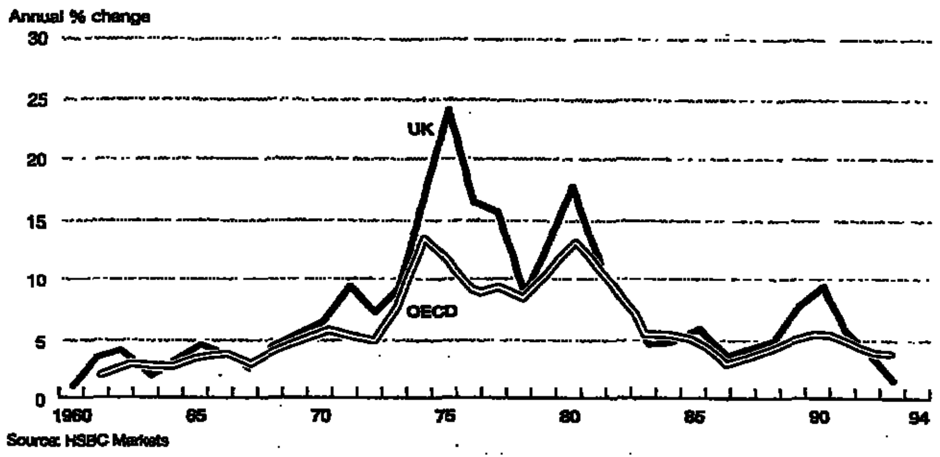
Such gloom would not have surprised Roger Bootle, chief economist with HSBC, who this week published a 70-page study arguing that we could be seeing the end of the inflationary era. He believes the sustained moderate inflation in the post-war world was due to several structural changes – such as increased unionisation, industrial concentration and state ownership.

But many of the factors which produced the persistent inflation had gone into reverse. He suggests the western world is approaching a new period of prolonged low inflation.

A contrary view came from Bill Martin, economist with UBS, who says the chancellor's plans for a steady economic recovery could be quickly undermined. He says: "Retail price inflation (excluding mortgage interest) is expected to breach the prescribed 4 per cent ceiling in the second half of 1995, accompanied by a crisis jump to 10 per cent base rates as the pound flounders."

Is the UK economy really heading for a sustained period of low-inflationary growth, or will lack of capacity in the economy lead to over-heating and a traditional exchange rate crisis? The next week is bound to be full of pre-Budget speculation. But the outcome of this more fundamental debate will matter much more for UK equities than the exact timing of any interest rate rise – here or in the US.

End of an inflationary era?



Source: HSBC Markets

Highlights of the week

	Price y'day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3131.0	+55.1	3520.3	2876.6	Decoupling from US/Euro markets
FT-SE Mid 250 Index	3575.6	+39.1	4152.8	3363.4	Encouraging economic news
Argos	351	+11	410	307	Solid institutional buying
British Aerospace	446	-15	584	390	Bid for VSEL plus rights issue
British Airways	386	+17½	496½	344	USAir fears discounted
Commercial Union	532	-14	701½	481	Post results selling
ICI	788½	+33½	888	728	Commodity price up/Warburg "buy"
Lonrho	163½	+12	175½	124½	Disposal hopes
Meyer Int	357	-48	569	357	Week interim results
National Power	511	+23	520	404½	Announces share buy-back
Regent Inns	299	+30	303	209	Upbeat agm statement
Sainsbury (J)	421	+13	480	342	James Capel & UBS recommendations
Towry Law	85	-47	224	79	Profit warning
VSEL	1488	+115	1490	980	Counterbid from BAe
Wills Corroon	155	+18	245	130	Cost cuts/bid talk

Wall Street

Anyone for a nervous breakdown?

After this week's events, **Patrick Harverson** finds that something soothing is needed

Thomas Gallagher, the head of trading at New York broking firm Oppenheimer, puts it succinctly: "It's absolutely crazy. This market needs some Prozac."

As an assessment of Tuesday's events on Wall Street, this was not an especially helpful comment. But as a vivid description of stock market sentiment, it hit the nail firmly on the head.

Judging by the response of share prices to the latest interest rate increase by the Federal Reserve, the market does indeed seem close to a nervous breakdown.

The Dow Jones Industrial Average surged 20 points immediately after the rise was announced, then fell 40 before ending the session flat, only to jump almost 19 the day after but fall 16 the day after that. A prescription to calm everyone's nerves might not be such a bad idea at that.

This was certainly the kind of week designed to test nerves to the limit. Trading on Monday was dominated by the expectation that the Fed would announce a tightening of monetary policy after the Tuesday meeting of its open market committee.

The solid gains in share prices on Monday reflected confidence that the rate rise would be well-received by the bond market and would probably be the last increase for at least this year, if not longer.

Tuesday dawned sunny and bright but investors' confident mood did not last long because, when the Fed announced its rate increase early in the afternoon, it managed to catch the market on the wrong foot.

It announced a larger-than-expected three-quarters of a percentage point increase in two key short-term interest rates: the federal funds rate and the discount rate, which moved from 4¾ per cent to 5½ per cent and 4 per cent to 4¾ per cent, respectively.

The initial reaction from both stock and bond market was positive: the Fed was seen to be taking tough pre-emptive action against inflation, and that was good news. But it was not long before doubts began to set in.

Had the Fed moved too aggressively? Would the largest increase in the discount rate since 1981, coming on the heels of five earlier rate increases, slow down the economy too much? And was this really likely to be the last tightening for some time?

The former question haunted the stock market which knows that, at some stage in the next 12 months, the string of rate increases this year will begin to take their toll on economic activity and corporate earnings.

Amid a deteriorating interest rate environment, the only support propping up share prices this year has been earnings growth. Remove that earnings growth from the picture and the market suddenly looks exposed.

The latter question troubled investors in bonds, who know that the severe bear market in government securities will not end until the cycle of Fed tightenings has peaked.

Few investors will want to buy bonds if they believe that more rate increases are on the horizon – and the Fed conspicuously declined this week to comment on the outlook for monetary policy.

(By contrast, when the Fed last raised rates in August, it hinted that its policy was approaching a neutral position that would preclude the need for further tightening. The subsequent unexpected strengthening of the economy quickly made that judgment redundant and, ultimately, prompted this week's move).

Although the mood on Wall Street had calmed down by Wednesday, aided by some encouraging news on inflation (consumer prices up just 0.1 per cent in October), Thursday's declines proved that the stock market remained vulnerable. They also showed that stocks are still hitched to a bond market bandwagon which continues to roll down the hill.

The rosy scenario being discussed before the Fed tightened this week was that a sixth and final rate increase would finally bring peace to the beleaguered bond market, ushering in a new era of stable bond prices.

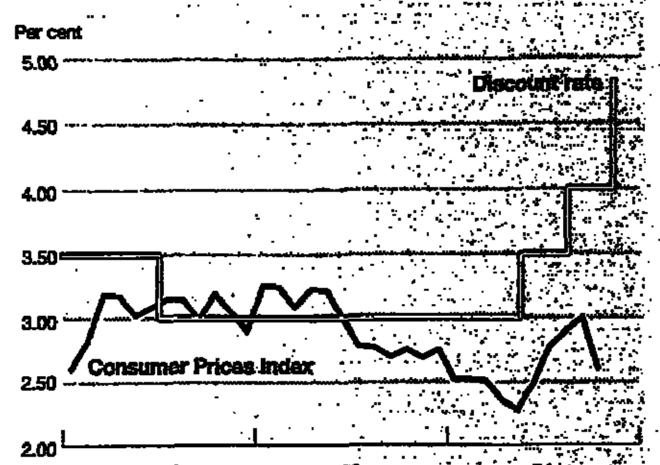
This would allow a much-needed decoupling of stocks and bonds, leaving share prices free to pursue their own course. There was even talk of a year-end stock market rally that would return the Dow to the highs it enjoyed earlier in the year.

The roses, however, suddenly do not smell quite so good. The bond market – fearful that the Fed will raise interest rates again soon, possibly before or at its next open market committee meeting on January 31 – shows no sign of breaking out of its slump and share prices are unlikely to go anywhere while bonds remain depressed.

The Dow now seems trapped in the 3,800 to 3,900 range where it has been trading since mid-August – a depressing prospect for those who thought, optimistically, that this week would herald the dawn of a new phase for the stock market.

Gallagher was right: break out the Prozac.

Discount rate rises - Inflation stays steady



Source: Datastream

Dow Jones Ind Average

Monday	3,829.73	+28.28
Tuesday	3,826.36	-3.37
Wednesday	3,845.20	+18.84
Thursday	3,828.05	-17.15
Friday		

Gilts

There's reason for cautious optimism

Graham Bowley finds that good news on the economic front has reinforced hopes of recovery

Owners of UK government bonds, or gilts, may well be wondering where the next blow will come from after the rise in US short-term interest rates this week. The increase, the sixth this year, was the latest attempt to dampen future inflation in the world's largest economy, which is continuing to grow strongly.

The first, in February, was a watershed, sending shock waves through the world's financial capitals and leading to a bear market that has given bond investors in all countries a painful lesson in how global the capital markets have become.

Bond prices tumbled worldwide on fears that economic recovery in the US and Europe would be inflationary and lead to sharply higher interest rates around the world. The price of 10-year gilts fell by more than 19 per cent from their highs in January, and yields rose by almost 3 percentage points to a peak of around 9 per cent in September.

The UK gilts market was hit particularly badly, partly because the country's economic recovery was further advanced than that of its fellow-Europeans and partly because of the British authorities' poor track record in controlling inflation.

The large size of the UK government budget deficit, and the enormous amount of new gilt issues that this implied, also weighed heavily on investors.

Almost 10 months later, however, and the fears about inflation and higher interest rates have yet to materialise. British base rates have edged upwards, from 5.25 per cent to 5.75 per cent, but this was received generally as a well-timed move to head off future inflation. What is more, the UK's "economic fundamentals" are looking increasingly favourable for gilts.

Economic data published this week reinforce the fact that inflation, at a 27-year low, remains subdued and that Britain's finances appear a lot healthier than those of other European countries. It was for this reason that gilts rallied this week despite the rise in US rates.

Many City analysts and fund managers believe, however, that this cannot continue for much longer. "Gilts have now gone a long way against the US market and it is becoming very tight," said Edmond Warner, head of strategy and economics at investment bank Kleinwort Benson.

"That puts a big external constraint on gilts. It is becoming increasingly difficult to ignore the US."

Warner pointed out that the latest rise in US interest rates narrowed the gap between the US and UK to a quarter point, the smallest margin for more than six years. He thinks this now puts pressure on the chancellor of the exchequer, Kenneth Clarke, to raise UK interest rates as early as Budget day on November 29 rather than risk damaging the government's anti-inflation credentials.

As ever, however, opinion is divided and some fund managers have a more optimistic view of the direction gilts will now follow.

In particular, many believe Clarke will use his Budget to reaffirm his commitment to a strong stance on public spending, which could see gilts rally significantly.

David Kauders, a portfolio manager based in the west of England, with about £22m under management for private clients, expects the bull market to resume within the next six months as investors realise that inflation and interest rates are set to remain low.

Many managers point to the extremely attractive returns gilts can offer the long-term investor.

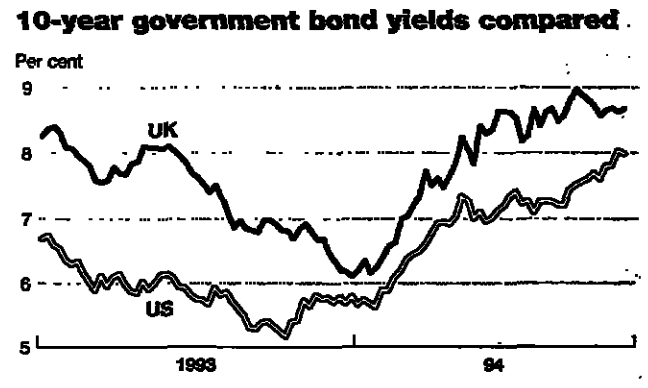
"Gilts offering a yield of close to 9 per cent should play a part in any balanced portfolio," said Tim Knowles, director of Fleming Investment Management.

"There are good, solid reasons for being optimistic about gilts," he added. "The problem is that the shock to confidence this year has been so great that it could take some time for this to be reflected in prices."

Others echo this caution. "Although we do not think inflation is about to take off, we are holding off on gilts until after the next interest rate rise, which we think will come soon," said James Higgins, of financial adviser Chamberlain De Broe.

Given the unpredictability of the gilt market this year, and the many uncertainties that lie ahead, the wise investor could be the one who errs on the side of caution.

10-year government bond yields compared



Source: Datastream

Barry Riley

From small fiddles to big abuses

The puzzle is that Spanish practices survived the Big Bang

Old Spanish practices, they are called, although they are not always old and certainly are not confined to Spain. In the financial markets, corner-cutting and kickbacks can be found almost wherever there are money-making relationships and a lack of transparency.

Are such practices seriously corrupt, or do they represent a necessary oiling of the markets' wheels?

Two examples have been highlighted in London this week. The City's biggest fund manager, Mercury Asset Management, has decided to abandon so-called soft commissions – a payment device whereby part of the commission on share trades is rebated to a fund manager in the form of services or benefits of various kinds.

MAM says it is responding to market pressure to move towards "clean" fees. It is not the first manager to make such a declaration, but it is in a minority.

Separately, the Office of Fair Trading has published a provocative paper by Professor Paul Marsh of the London Business School on the cosy system by which UK rights issues have for many years been underwritten. The deals are syndicated to numerous sub-underwriters – essentially, the medium to large investment institutions – at prices which have consistently earned the fortunate recipients juicy profits (described more neutrally by the professor as "excess returns").

Both of these practices hark back to the cosier days of the stock exchange when share commissions were fixed and competition was less intense. Soft commissions gained popularity in London mainly as a way around the fixed commission scale, so that institutions could get extra value from the business they did.

Hoare Govett's DataStream electronic information system and Wood Mackenzie's performance measurement service for pension funds – both usually "softed" in those days – were examples of innovation by brokers.

Sub-underwriting commissions were altogether murkier at that time and, essentially, helped to finance the marketing muscle of the big new-issue brokers. Reliable fund managers – those who would accept the dud issues as well as the winners – were rewarded with a regular stream of almost risk-free underwriting commissions.

The puzzle is that such practices have largely survived London's Big Bang eight years ago. Fixed commissions were swept away and the big global investment banks moved in.

The trouble is that the winds of change were not always unpolluted. Soft commissions, for instance, are rife in many markets around the world, not least in the US where the Securities and Exchange Commission has been surprisingly relaxed about them, although imposing various conditions.

Britain's own Securities and Investments Board has been reluctant to be tougher than the SEC. Interestingly, institutions such as MAM appear to be moving ahead of the regulators.

> Oil for the wheels can turn into grease for the palms

Not everything about soft commissions is bad. They enable small brokers to compete against big ones and they provide a channel for innovative products and independent research services. But fund managers are also tempted to charge what ought to be their own expenses against the fund. The client, in effect, pays twice – and could be trading shares at the wrong prices, too.

Although resistance to soft commissions is becoming apparent in pension fund management, where the clients are professional (or at least receive professional advice), there is little opposition in, say, retail unit trusts where the turnover of portfolios is often much higher than can be justified by the quest for investment performance. Do the managers have a vested interest in such churning? Presumably they do, and soft commissions may be a factor.

Meanwhile, Marsh's report has touched raw nerves in the City of London. Not just merchant banks and brokers but also institutional investors have protested – an indication that the private investor has been the real loser from being left out of the cosy sub-underwriting ring.

Of course, private investors count for little in the UK, where they only own about 20 per cent of company shares. They are much more important in the US, where the institutions are much more numerous and diversified, too.

There, the emphasis is on syndicating securities through a vast distribution network. It is fairer but also considerably more expensive, which is a reason why British companies may have tolerated the sub-underwriting system in London.

London's institutional investors, for their part, have clung on to the sub-underwriting system not primarily because they are greedy but because they have seen it as a way of protecting the principle of pre-emptive rights of shareholders. This has largely gone by the board in the US, where the big investment banks call the shots.

In the UK, however, existing shareholders normally still have first call on new shares, and cannot be diluted by company treasurers selling new equity at a discount through the voracious distribution chains of investment banks.

Pre-emption is certainly a principle worth defending. But the UK's institutional investors should surely be prepared to bid competitively for sub-underwriting contracts to show that big shareholders are not gaining an unfair advantage over small ones. Then, they would be supporting two principles at once.

Markets are full of grey areas. If you scratch my back, perhaps I should be ready to scratch yours. Many people feel nostalgia for the old City markets where relationships counted for a lot and electronic auto-execution systems were unknown. But small fiddles have a capacity to grow into big abuses. And the fact is that oil for the wheels can turn into grease for the palms.

WORLD STOCK MARKETS

AMERICA

US stocks follow bonds downward

Wall Street

US share prices added to Thursday's losses yesterday morning, once again trailing declines in the bond market, *writes Lisa Bransten in New York.*

By 1pm the Dow Jones Industrial Average was down 36.00 at 3,792.05. The more broadly based Standard & Poor's 500 also fell, down 2.62 at 460.95, while the American Stock Exchange composite dipped 1.48 at 444.65. The Nasdaq composite was down 1.81 at 764.03. Trading volume on the NYSE was 208m shares.

The 30-year Treasury bond, which had held flat early in the morning, fell nearly ½ shortly after the opening of the stock market and then bounced back somewhat, posting only a modest decline by midday. The stock market, however, proved unable to rebound, with program selling causing the Dow to slide early in the afternoon.

Shares in major cyclical companies were mixed in spite of the weak market. Allied Signal fell $⅝ at $33¼, Caterpillar shed $⅝ at $55⅝, and Dupont lost $⅛ at $55⅛. International Paper was unchanged at $70½. Dow Chemical fell $3⅛ at $64⅝ after the Wall Street Journal reported that the chemical company had participated in the distribution of silicone breast implants through a former Italian subsidiary. The disclosure could mean the company would have to contribute to the settlement of a lawsuit filed by women who said they were harmed by the implants.

Shares in aluminium companies got an initial boost from news that they would increase prices, before falling later in the day. By early afternoon Aluminum Company of America, a component of the Dow, had fallen $⅛ at $82⅝, while Alcan Aluminium was unchanged at $24⅝ and Kaiser Aluminum was also unchanged at $11½.

News that Amgen had bid $9.25 a share for Synergen boosted Synergen's shares $3⅞ at $9⅛. Amgen shares, however, fell $1⅛ to $56 after the company said it expected the acquisition to reduce its earnings.

Southwest Airlines rose $1 at $22½ after announcing that it had reached a 10-year accord with its pilots that puts off any wage increase for at least five years. Other airline companies saw their shares fall: AMR, the holding company for American Airlines fell $⅝ at $50¾ and UAL, United Airlines' holding company, down $⅝ at $93⅞.

Canada

Toronto slid at midday as US inflation nervousness combined with the Friday doldrums to drag the market lower. Traders said that a US trade deficit at the high end of expectations and rising imports continued to fan concern about inflation.

TSE 300 was 29.59 lower at 4,114.25 by noon in volume of 24.98m shares.

Eleven of Toronto's sub-sectors fell, led by sagging gold and gas stocks. Four sub-indices gained, including media and transportation stocks.

Gas stocks fell as gas futures slipped, with Toronto's sub-index shedding 1.4 per cent. Talisman Energy was off C$¾ to 27½ while Nova fell C$¼ to 12½.

Mexico

Mexican share prices followed Wall Street lower, while there was continued selling of Telmex.

The IPC index was off 11.35 or 0.5 per cent at 2,453.86 in volume of 15m shares.

Analysts said the rest of the month would continue to see volatility in the market but confidence should improve once President-elect Ernesto Zedillo took office on December 1.

EUROPE

Milan rises on prospects for budget passage

The continent's bourses found it difficult to sustain momentum in the face of a variety of domestic factors.

MILAN adopted a brighter tone at the end of a difficult week amid growing optimism over the progress of the 1995 budget through parliament and hopes of a *calmer political* outlook through a broadening of the coalition.

The Comit index rose 5.31 to 643.59, also supported by comments from the treasury minister, Mr Lamberto Dini, which *held out hopes for lower interest rates*, if the budget was agreed in its present form.

The index was little changed over a week that, said NatWest Securities, had seen the largest ever demonstration against the government and continued with a series of confidence votes, which gave an idea of *the difficulties that the prime* minister and his cabinet were experiencing.

"Although the political climate remains heated, we believe we are nearing an end to this long and uncertain period," said NatWest. "With this in mind, we would be quite happy to start turning more positive as most of the bad news is now in the price."

Gains were seen across the board with Olivetti rising L71 or 3.4 per cent to L1,995 and Cir up L60 to L1,938.

Ferruzzi, L32 ahead at L1,369, continued to show gains in spite of the official denial of rumours that it would be merged with Montedison, its agro-industrial subsidiary.

FRANKFURT was pressured by the expiry of options, the Dax index off a marginal 0.41 at 2,102.28 in official hours, and up 1 per cent on the week.

Mannesmann continued to *benefit from Thursday's* results, rising DM5.30 to DM411.80.

Elsewhere, VW put on DM6.60 to DM460.00 marks on options expiry.

Financials eased slightly, with the results season due to start next week: Deutsche Bank lost 80 pfennigs to DM757, Dresdner70 *pfennigs* to DM412.70, Commerzbank DM3.70 to DM329.30 and Allianz DM16 to DM2,424.

Chemical stocks were also lower ahead of next week's results with BASF down DM2.40 at DM312.60, Bayer down DM1.50 at DM343.60 and Hoechst down DM1 at DM324.

ZURICH edged higher in quiet conditions, with the firmer dollar providing further support. The SMI index rose 5.6 to 2,606.5, little changed on the week.

UBS commented that the week was again dominated by a *marked improvement on the* currency front as the Swiss franc weakened further against the dollar and the D-mark. The bank said it expected a further positive impetus on the currency side although the stimulus from interest rates was likely to be modest. In the coming week, dollar sensitive *stocks would continue to out*perform interest rate sensitive shares.

Brown Boveri gave up Thursday's advance, losing SFr7 to SFr1,107, with the nine *month results from ABB prov*ing in line with expectations.

Swiss Re registered shares, however, picked up SFr22 to SFr797 as demand picked up after the recent profit-taking.

AMSTERDAM weakened as *expiry of November options* made itself felt. The AEX index dipped 1.44 to 409.85, a week's rise of 0.5 per cent.

Philips headed the list of most active stocks, with some 2.7m shares traded largely as a result of options expiry. The shares lost 80 cents to Fl 53.20.

KNP BT, the paper and packaging group, went against the trend, adding 20 cents to Fl 50.10 on better than expected third quarter earnings.

Begemann, the industrial group, which fell sharply on Thursday, put on Fl 1.10 to *Fl 29.70 in strong local trade.*

MADRID finished higher as some late buying overcame mid-session weakness, with the expiry of the future contract boosting otherwise thin volumes.

The final quote of the general index was not available, due to technical problems, but *the Ibex-35 index rose* 14.24 to 3,286.71.

Dragados climbed Pta45 or 2.4 per cent to Pta1,955 in response to Thursday's results.

STOCKHOLM was led higher by Ericsson in a partial correction of Thursday's losses, although prices came off mid-session highs as the domestic bond market lost earlier gains.

The Affärsvärlden index rose 6.10 to 1,506.50, for a 2.9 per cent rise on the week.

Ericsson B rose SKr4.50 to SKr443, in turnover of *SKr303m following Thursday's* SKr23 fall in response to its nine months figures. The share hit a session high of SKr449 and a low of 432.

SCA B rose SKr1 to SKr115, following its nine months *profit figures and higher full* year forecast.

Asea A fell SKr9 to SKr533, following the ABB nine months figures.

Written and edited by John Pitt and Michael Morgan

FT-SE Actuaries Share Indices

Nov 18						THE EUROPEAN SERIES		
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1348.11	1348.14	1346.44	1347.94	1348.27	1348.65	1343.67	1344.08
FT-SE Eurotrack 200	1409.70	1410.70	1408.34	1409.79	1409.37	1409.68	1406.96	1405.91
	Nov 17	Nov 16	Nov 15	Nov 14	Nov 11			
FT-SE Eurotrack 100	1350.60	1358.68	1354.70	1347.63	1341.71			
FT-SE Eurotrack 200	1412.93	1421.32	1415.93	1403.12	1398.52			

Base 1000 (26/10/90) High/day: 100 - 1348.78 200 - 1411.61 Low/day: 100 - 1342.94 200 - 1404.74 † Partial

SOUTH AFRICA

Industrial shares extended early gains to close firmer while golds posted declines as sentiment worsened ahead of the weekend on a fall in the price of bullion and a firmer financial rand. The overall index lost 16.3 to 5,925.3, industrials rose 38.6 to 6,950.4 and golds fell 51 to 2,138.3.

France languishing from lack of liquidity

Andrew Jack on a continuing poor performance

What is good for Renault is not necessarily good for the markets. The French government may be congratulating itself on the apparent success of the partial privatisation of the vehicle group this week, but the sale of these shares may spell further bad news for the performance of equities.

Mr David Harrington, French markets analyst with James Capel in Paris, estimates that upwards of FFr120bn in capital has been drained from the markets by a record year of privatisations, rights issues and other public offers – up from a record FFr89bn in 1993.

Renault, UAP, Crédit Commercial de France, Elf Acquitaine, Paribas, Michelin, Alcatel Alsthom, Peugot: the list is endless. It has sharply contributed to the lack of liquidity on the market, which in turn has led to further disappointing returns for investors.

The CAC-40 index has languished over the last few months, closing yesterday at 1,926.50. "Obviously France has been a disaster this year," says Mr Harrington.

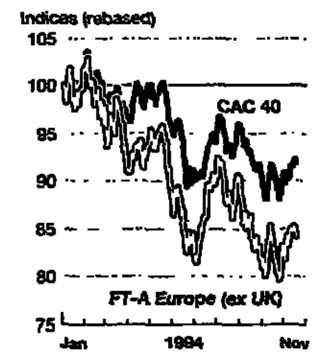
"It's been one of the worst performing equity markets," says Mr Piers Butler, head of French equity sales with Smith New Court in London. He adds thatinstitutions with a spread of investments across Europe had overweighted their portfolios into France in the belief of good growth prospects, and been disappointed. Mr Frederic Redel, strategist for the French market with Société Générale in Paris, argues: "There has been under-performance since the end of 1992."

He says that the difficulties *developed in two stages. In* 1993, France remained one of the few countries with a strong currency. The effect on the exchange rate put pressure on domestic companies, causing sharp falls in their profitability.

This year, the spread between OATs, French government bonds, and their German equivalents dropped almost to zero. He stresses the influence of new issues soaking up liquidity, and well as first-half profits which were generally disappointing.

Mr Harrington points to other factors which he believes have dragged down the market. He says that the French stock market lacks the cyclical constituents of many other markets such as Germany, for example.

High up his list is also the growing cloud of corruption overhanging many leading French companies. "Several have had their ratings slashed," he says. "It may have stripped 25 per cent off the value of the CAC 40 companies."



Source: FT Graphite

However, he thinks there may now be signs that companies are beginning to recover from the criticisms. Much will depend on the willingness of the government to push through reforms of the funding of political parties – including, as suggested recently, the possibility of a complete ban on corporate donations.

Looking forward, Mr Butler predicts the beginnings of *recovery, partly triggered by* recent optimistic economic data. "Some of the smart money seems to be coming back in now," he says. "People are starting to think that stocks look attractively valued."

Mr Harrington is less optimistic. He says that in the short term the markets will remain for traders rather than investors. "There may be a trading rally but I have longer-term worries about tax, the economy and unemployment," he says.

He predicts earnings per share growth for the CAC 40 companies of 38 per cent this year and 36 per cent next year – back to more normal levels. *Mr Redel estimates that the* CAC 40 index will reach 2,000 by the end of this year, and 2,400 by the end of 1995.

The biggest uncertainty that most commentators highlight over the next few months is the presidential elections, which are due in May but may be brought forward through the tactics or advancing illness now affecting Mr François Mitterand, the current resident of the Elsée Palace.

Mr Jacques Chirac, the mayor of Paris, was the first serious candidate to declare that he was running at the start of November, in a move which is likely to split the political right. He shares mem*bership of the Gaullist RPR* party with Mr Edouard Balladur, the prime minister, who is likely to declare by January.

Meanwhile, opinion polls rate Mr Jacques Delors, the socialist president of the European Commission until January, on a par with Mr Balladur. He is also likely to run, and recently published a book which has been interpreted by some as a manifesto, although he has not yet confirmed his decision.

Mr Edmond Alphandéry, the economics minister, recently said that none of the leading candidates would do anything to upset the current government's programme of economic liberalisation. But some argue that Mr Chirac – more than Mr Delors – remains a wild card *who may yet threaten reflationary policies.*

Mr Harrington says the most important issue for the government will be to appease the bond markets to ensure that they remain in line with those in Germany, through an insistence on maintaining budgetary restraint. "But what is good for the bond market is not necessary good for the underlying economy or for equities," he says.

ASIA PACIFIC

Nikkei slips as Hong Kong recoups losses

Tokyo

A sharp fall in Sony's share price, which affected the consumer electronics sector, *dampened investor confidence* and the Nikkei index lost marginal ground amid small lot selling, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 index lost 34.01 to 19,302.56 after a high of *19,332.07 and a low of 19,199.24,* barely changed over the week. Share prices lost ground on the morning session on selling by institutional investors and profit taking by foreigners. A steep decline in Sony later prompted selling of other high-technology shares.

Volume remained flat at *210m shares. The Topix index of* all first section stocks fell 4.14 to 1,523.47 and the Nikkei 300 lost 1.02 to 279.73. Losses led gains by *476 to 448, with 235* issues remaining unchanged.

The ISE/Nikkei was down 0.02 per cent to 1,250.28.

Sony tumbled Y310, or 5.3 per cent, to Y5,480 on profit taking. Investors were discouraged by Thursday's announcement of the company's writing off losses which had stemmed from Sony Pictures Entertainment, former Columbia Pictures.

Sony's decline affected other electrical stocks. Matsushita Electric Industrial, which also owns a US film studio MCA, declined Y40 to Y1,540. Sharp fell Y20 to Y1,780 and Toshiba retreated Y8 to Y708.

Mitsubishi Estate lost Y20 to Y1,050 on worries over the financial state of the Rocke*feller Group of the US*, in which the Japanese group owns an 80 per cent stake.

In Osaka, the OSE average rose 11.93 to 21,455.96 in volume of 21.3m shares.

Roundup

HONG KONG managed to recoup part of its steep morning losses, having found support just below the 9,400 level, after plunging sharply ahead of an expected bank rates rise.

The Hang Seng index tumbled 90.84 to 9,427.44, against a day's low of 9,373.69, but was still 0.6 per cent higher on the week. Volume fell to HK$2.4bn from Thursday's HK$2.88bn.

*The Sino-British Land Com*mission's decision on Thursday to boost sharply land supply was a further factor clouding the property market.

SEOUL finished lower in moderate trading on tight liquidity concerns but late institutional buying of some primary blue chips recouped early losses.

The composite stock index lost 2.18 to 1,118.45, off a low of 1,113.02, for a 0.4 p+er cent fall on the week.

KUALA LUMPUR encoun*tered renewed retail buying* which enabled most shares to rebound although falls in core stocks dragged the composite index down 3.60 to 1,048.88, but still 1.8 per cent higher on the week.

Retail investors were reported to have bought second-line and speculative stocks amid optimism that some favourable news would emerge from Malaysia's dominant United Malays National Organisation's general assembly this weekend.

SINGAPORE was easier on institutional selling amid worries that high US interest rates would squeeze corporate profitability while strong October *trade data came too late in the* session to influence trading.

The Straits Times Industrial index closed 3.3 down at 2,354.67, but was still 1.4 per cent higher over the week.

TAIPEI made headway on hopes of a technical rebound and bullish remarks from the ruling Nationalist Party's business manager.

The weighted index added 52.83 to 6,350.71 in low turnover of T$20.5bn, down 2 per cent on the week.

Textile shares led the advance on expectations of increased earnings from polyester products, which are in heavy demand on international markets. Shinkong Synthetic Fibres rose T$0.8 to T$28.70.

MANILA rose slightly as a *technical rally, sparked by bar*gain-hunting in Petron, reversed an early downtrend.

The composite index put on 8.76 to 2,912.86 for a 0.47 per cent loss on the week.

SYDNEY was supported by *industrials which offset weak*ness in resource issues.

The All Ordinaries index dipped 0.4 to 1,922.0 in turnover of A$490m, off 1.5 per cent this week.

Among resource stocks, CRA *fell 18 cents to A$17.40 in* active trade, mainly on the exercise of A$19 put options.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY NOVEMBER 17 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY NOVEMBER 16 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	164.99	-0.9	155.38	102.36	132.78	145.91	-1.0	3.81	166.47	157.06	103.52	134.23	147.44	189.15	149.36	157.80
Austria (16)	177.92	-0.2	167.55	110.38	143.18	143.08	-0.5	1.14	178.35	168.28	110.91	143.81	143.82	198.89	167.46	173.63
Belgium (35)	166.95	0.0	157.22	103.67	134.38	131.05	-0.3	4.21	167.02	157.59	103.86	134.67	131.47	177.04	151.70	153.25
Brazil (28)	184.92	-1.8	174.15	114.72	148.82	283.37	-1.8	0.73	188.35	177.71	117.13	151.88	288.11	-	-	-
Canada (103)	130.31	-0.7	122.71	80.84	104.87	128.68	-0.7	2.65	131.15	123.75	81.56	105.76	129.53	145.31	120.54	133.86
Denmark (33)	250.88	0.4	236.27	155.64	201.91	206.54	0.2	1.44	249.93	235.81	155.42	201.53	206.16	275.79	230.27	236.58
Finland (24)	193.50	0.4	182.22	120.04	155.72	192.75	0.8	0.73	192.65	181.77	119.80	155.34	191.22	201.41	116.85	124.15
France (101)	168.37	-0.9	158.56	104.45	135.50	140.46	-1.1	3.09	169.94	160.34	105.68	137.03	141.99	185.37	159.34	165.26
Germany (58)	143.29	-0.1	134.94	88.90	115.32	115.32	-0.3	1.80	143.46	135.36	89.22	115.68	115.68	150.40	128.37	132.24
Hong Kong (56)	384.34	-0.9	361.95	238.44	309.32	381.53	-0.8	3.14	388.02	366.11	241.30	312.89	385.05	506.56	341.29	386.46
Ireland (14)	204.88	-0.1	192.75	126.98	164.72	186.30	-0.3	3.43	204.77	193.21	127.35	165.12	186.80	216.60	172.05	175.41
Italy (59)	76.70	-1.0	72.23	47.59	61.73	90.97	-1.0	1.74	77.45	73.08	48.17	62.46	91.89	97.78	57.88	61.99
Japan (468)	156.27	0.4	147.17	96.95	125.77	96.95	0.1	0.79	155.68	146.88	96.81	125.53	96.81	170.10	124.54	145.48
Malaysia (97)	521.86	-1.3	491.46	323.76	420.00	515.49	-1.3	1.62	528.97	499.10	328.96	426.54	522.45	621.63	430.71	469.38
Mexico (18)	2009.77	-1.9	1892.67	1246.83	1617.43	7584.02	-1.8	1.35	2047.61	1931.95	1273.35	1651.07	7724.80	2647.08	1696.28	1989.29
Netherland (19)	214.31	0.0	201.82	132.95	172.47	169.68	-0.2	3.41	214.22	202.12	133.22	172.74	170.07	223.30	187.01	189.12
New Zealand (14)	74.81	1.1	70.45	46.41	60.21	63.86	0.7	4.55	74.00	69.82	46.02	59.67	63.41	77.59	61.27	63.63
Norway (23)	196.65	0.8	185.20	122.00	158.26	180.86	0.6	1.63	195.13	184.11	121.35	157.34	179.76	211.74	165.52	179.03
Singapore (44)	398.70	0.8	373.59	248.11	319.27	269.01	0.5	1.57	394.36	372.09	245.24	318.00	267.60	401.38	294.66	313.92
South Africa (59)	336.14	0.5	316.56	208.54	270.52	305.27	1.0	2.11	334.50	315.60	208.01	269.72	302.31	342.00	205.55	223.27
Spain (38)	141.38	-0.1	133.16	87.72	113.79	138.16	-0.2	4.22	141.56	133.56	88.08	114.15	138.49	155.79	128.88	139.20
Sweden (36)	240.70	-0.8	226.67	149.33	193.71	261.58	-0.9	1.53	242.57	228.88	150.85	195.60	264.08	242.68	175.83	197.02
Switzerland (47)	164.19	0.1	154.63	101.86	132.14	132.41	-0.2	1.83	163.98	154.72	101.98	132.22	132.65	176.56	146.04	146.48
Thailand (46)	174.68	-0.9	164.51	108.37	140.58	169.59	-0.9	2.06	176.27	166.31	109.62	142.14	171.22	-	-	-
United Kingdom (204)	200.16	-0.4	188.49	124.18	161.09	188.49	-0.6	4.07	200.89	189.54	124.93	161.99	189.54	214.96	181.11	186.65
USA (515)	189.68	-0.4	178.52	117.60	152.56	189.56	-0.4	2.89	190.29	179.54	118.33	153.44	190.29	196.04	178.95	189.25
Americas (664)	177.20	-0.4	166.88	109.93	142.61	147.27	-0.4	2.81	177.99	167.94	110.69	143.52	147.93	-	-	-
Europe (707)	171.89	-0.3	161.97	106.64	138.33	152.33	-0.5	3.07	172.47	162.73	107.25	139.07	153.12	178.58	154.79	157.85
Nordic (116)	229.75	-0.2	216.36	142.53	184.90	213.87	-0.3	1.38	230.26	217.25	143.19	185.67	214.52	233.91	173.19	188.00
Pacific Basin (793)	165.71	0.2	156.06	102.81	133.36	107.56	0.0	1.14	165.40	156.06	102.86	133.37	107.58	176.86	134.79	154.47
Euro-Pacific (1500)	168.20	0.0	158.40	104.35	135.38	125.23	-0.2	1.97	168.26	158.76	104.64	135.68	126.53	175.14	143.88	155.75
North America (618)	185.89	-0.4	175.06	115.32	149.60	185.39	-0.4	2.88	186.62	176.08	116.05	150.48	186.12	192.73	175.67	185.81
Europe Ex. UK (503)	153.09	-0.3	144.17	94.98	123.21	131.18	-0.5	2.48	153.58	144.91	95.51	123.84	131.83	158.12	135.94	139.24
Pacific Ex. Japan (325)	256.96	-0.8	241.99	159.42	206.80	227.34	-0.8	2.86	258.95	244.33	161.04	208.81	229.22	296.21	232.54	241.03
World Ex. US (1708)	170.05	-0.1	160.14	105.50	136.85	128.95	-0.2	1.97	170.18	160.57	105.83	137.23	129.28	176.65	145.58	156.96
World Ex. UK (2019)	173.11	-0.2	163.02	107.39	139.31	143.53	-0.3	2.10	173.38	163.60	107.83	139.81	143.92	178.59	155.96	164.81
World Ex. Japan (1755)	187.59	-0.4	176.66	116.38	150.97	177.64	-0.5	2.90	188.37	177.73	117.14	151.89	178.49	195.70	176.34	179.77
The World Index (2223)	176.49	-0.2	165.28	108.87	141.23	147.57	-0.3	2.29	175.81	165.88	109.33	141.77	148.01	180.80	158.85	166.74

Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Apr	Jul	Puts Jan	Apr	Jul
Allied Domecq	550	48	58	65½	4½	11	19½
(*595)	600	18	28	37	24	31	43½
Argyll	260	16½	24½	30	7½	13	19
(*270)	280	7½	15	26	18½	23½	30
ASDA	60	8	9½	11	1½	3	4
(*66)	70	2½	4½	6	6½	8	9
Brit Airways	360	31½	43	50	7	13	20
(*386)	390	14½	27	34	19½	26	34
Smid Bchm A	420	24	34	43	11½	20½	26
(*429)	460	7½	17	25½	32½	45½	48
Boots	500	27	40½	48	10½	16	23½
(*512)	550	7	17½	25	42½	44	51
BP	420	20	28	37	11	19	24
(*425)	460	4½	12	20½	37	42½	46½
British Steel	140	16	21½	24	2	4½	7
(*155)	160	4½	10½	13	11	13½	16
Bass	500	40½	46	54	9	15½	22
(*536)	550	9	21	29½	35½	41½	47½
Cable & Wire	390	20½	33½	41	14½	24	27½
(*396)	420	9	20½	28	32½	41	44½
Courtaulds	420	35	46½	53	7½	12½	20
(*448)	460	12½	24½	32½	28	31	40
Comm Union	493	47½	53½	-	5	16	-
(*531)	543	16½	25	-	24	41	-
ICI	750	65	66½	78	8½	25½	33
(*788)	800	24½	38½	51½	29	50	57½
Kingfisher	460	30½	41½	48½	11	16½	28
(*473)	500	11	23	29½	31½	39½	50
Land Secur	600	18	31½	38	16	21½	33½
(*604)	650	3	13	17½	54	55½	66
Marks & S	390	29	39	44	4½	9	15
(*409)	420	10½	22	27½	17½	21	29
NatWest	500	42½	53	62½	6½	21	27
(*531)	550	15½	27	38	28½	47½	53
Sainsbury	420	17½	31	38	14	22	26½
(*420)	460	5½	14	20½	41	46½	52
Shell Trans.	700	26	36½	44½	14½	29	32½
(*706)	750	6½	15½	23	46½	60½	63
Storehouse	200	21	24½	28½	3½	5	8½
(*218)	220	8	13	17	10½	13	17½
Trafalgar	80	6½	9	11½	3½	5½	7
(*83)	90	2½	4½	7	9½	11½	12½
Unilever	1100	53½	74½	86	15½	33	44
(*1134)	1150	25½	46½	59½	38	58½	69
Zeneca	850	37½	52	64	22	41	49
(*857)	900	15½	29½	42	51	70½	78
Option		Nov	Feb	May	Nov	Feb	May
Grand Met	390	18½	29	38	-	13½	17
(*407)	420	2	13½	21½	13½	30	33
Ladbroke	160	4½	13½	18	1	7	12½
(*164)	180	-	5½	10	16	19	24½
Utd Biscuits	300	28½	36½	41½	-	3	10
(*328)	330	2½	17	23½	5	13	23½
Option		Dec	Mar	Jun	Dec	Mar	Jun
Fisons	130	8	14½	18½	7	11½	13½
(*130)	140	4	10½	14½	13	17	19
Option		Nov	Feb	May	Nov	Feb	May
Brit Aero	420	27	47	57½	1	15	26
(*448)	460	2½	23½	37½	17½	33	46½
BAT Inds	460	5½	28	35½	3½	18	31
(*463)	500	-	10	18½	36½	42	56
BTR	300	6½	19	24	1½	9½	17½
(*305)	330	-	7	11½	25	28	38
Brit Telecom	390	4½	14½	23½	3	16½	20
(*391)	420	-	4½	12	28½	38	40
Cadbury Sch	420	23½	36	41	½	7½	15
(*443)	460	1	14	20	18	26	36
Eastern Elec	800	13	43½	62	8	43½	54½
(*805)	850	½	24	41	45	72½	82½
Guinness	460	8	24	32½	2	11½	22½
(*465)	500	-	8	15	34½	36½	46½
GEC	280	8	17	22½	1	8½	11
(*287)	300	-	8	13½	13	19½	22

Option		Calls Nov	Feb	May	Puts Nov	Feb	May
Hanson	220	14	17	20½	-	4½	9
(*233)	240	1	7½	11	7	14½	19
Lasmo	134	14	-	-	-	-	-
(*148)	154	1	-	-	6½	-	-
Lucas Inds	200	9½	18½	22½	1	7	11
(*209)	220	-	8½	13½	11½	17½	21
P & O	600	40	57	68	-	9	24½
(*639)	650	4½	27½	40	13	26½	48½
Pilkington	180	6½	12	16½	1	6	8
(*186)	200	-	4	8	14	18½	20
Prudential	300	23½	32½	35½	-	5	11
(*323)	330	1½	18	18½	8	16½	26
RTZ	850	15	46	58	4½	24½	41½
(*860)	900	¼	22½	35	39½	52½	70
Redland	460	27	42	50½	½	10½	23½
(*486)	500	2½	19½	29½	15½	27½	45
Royal Insce	280	18½	24½	30	1½	12	17½
(*289)	300	1	15	20½	12	22	28
Tesco	240	10½	19	26	½	8½	12½
(*250)	260	½	9	16	10½	16½	23
Vodafone	200	8½	16	22½	1	8	11
(*208)	217	½	8	-	9½	17	-
Williams	354	5	-	-	2½	-	-
(*357)	384	-	-	-	26½	-	-
Option		Jan	Apr	Jul	Jan	Apr	Jul
BAA	500	19½	32	40½	11	16½	23½
(*504)	525	9	20	-	25	30	-
Thames Wtr	460	43	54	63½	4½	10	19
(*494)	500	17½	30	40½	18	26	38
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Natl	390	33	43	46½	2½	11½	17
(*419)	420	12	24	28½	12	25	31½
Amstrad	30	2	3½	4½	1½	3	3½
(*30)	35	½	1½	3	5	6	6½
Barclays	600	20	37½	47	14	30½	38
(*603)	650	3½	17	26½	48	62	68
Blue Circle	300	17½	28	33	5	11½	19
(*310)	330	3½	14	19	21½	27½	35½
British Gas	300	9½	19½	25	6½	11½	19½
(*302)	330	1	7½	12	28	30½	38½
Dixons	180	12	17½	23	4½	9	14½
(*186)	200	3½	8½	14	16	20½	25½
Hillsdown	160	19	22½	28	½	3	7
(*177)	180	5½	10	14	6½	10½	16½
Lonrho	160	8	14½	19½	5	10½	14
(*163)	180	2	6½	11	18	22½	25½
Natl Power	500	17½	34½	48	12	22	31
(*510)	550	2	14	25½	45½	52	59½
Scot Power	360	16	25	38	11	22	27½
(*363)	390	5	13	23½	30½	40	45½
Sears	100	10	13	15	½	2½	4½
(*109)	110	3½	7½	9	4	6½	9
Forte	220	16½	23	26	2½	6½	11½
(*232)	240	4½	12	15½	12	15½	21½
Tarmac	120	11	16½	19½	2½	6	9
(*128)	130	5	11	14	6½	10½	13½
Thorn EMI	950	54	88	91½	5½	19½	27½
(*993)	1000	20	38½	61	22	40½	49
TSB	220	14	20½	23½	3	10	13
(*230)	240	4½	9½	14	13	20½	24
Tomkins	220	8	15½	22	5½	11	14
(*223)	240	1½	7½	13	18	23	25½
Wellcome	650	33	55	69½	16½	32	46
(*662)	700	11½	32	47	44½	58½	73½
Option		Jan	Apr	Jul	Jan	Apr	Jul
Glaxo	600	37	51½	65	18	34½	42½
(*614)	650	14½	29	43	46½	63	70
HSBC 75p shs	750	38	55½	68½	27	49½	59½
(*756)	800	17	34	48	57	81	90
Reuters	460	34½	44½	54	6½	18	23
(*482)	500	14	24½	34	27	38	43
Option		Nov	Feb	May	Nov	Feb	May
Rolls-Royce	180	4	13	17	2	8½	13½
(*182)	200	-	5	8½	18	21	25

* Underlying security price. Premiums shown are based on settlement prices.
November 18. Total contracts: 34,109 Calls: 13,785 Puts: 20,324

FT GOLD MINES INDEX

	Nov 17	% chg on day	Nov 16	Nov 15	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	2049.74	-0.8	2066.09	2079.00	2061.23	2.11	2367.40	1762.02
■ Regional Indices								
Africa (16)	3344.21	+0.5	3327.70	3363.59	2840.41	4.11	3711.87	2304.45
Australasia (7)	2551.42	-1.5	2591.08	2589.87	2290.30	1.86	3013.89	2171.68
North America (11)	1575.99	-1.4	1599.16	1602.77	1806.25	0.85	2039.65	1466.11

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index. Nov 18: 255.8 ; day's change -1.7 points; Year ago: 246.3 † Partial
Latest prices were unavailable for this edition.

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	48	5	18	224	69	62
Other Fixed Interest	0	0	14	4	3	63
Mineral Extraction	72	46	78	356	236	388
General Manufacturers	113	101	415	702	548	1,901
Consumer Goods	41	37	109	216	170	549
Services	100	72	320	500	362	1,608
Utilities	7	26	11	91	71	58
Financials	98	65	201	562	294	964
Investment Trusts	62	57	346	558	207	1,560
Others	35	44	37	233	168	177
Totals	576	453	1,549	3,446	2,128	7,328

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	November 7	Expiry	February 9
Last Dealings	November 18	Settlement	February 23

Calls: Anglo Eastern, Eclipse Blinds, First Aus Finance, Magnum Power, Minmet, Navan Res, Sun Res, Tullow Oil. Puts & Calls: SmithKline Beecham A, Sun Res.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	0.82	8½	4	APTA Wrnts.	6		-	-	-	-
-	F.P.	17.4	88	70	Abtrust Latin Am	87		-	-	-	-
-	F.P.	2.06	63	51	Do Warrants	52		-	-	-	-
-	F.P.	11.2	187	180	♣Adare Prntg	186	-1	Q26%	8.1	1.4	10.9
100	F.P.	68.8	93	85½	BZW Commodities	88		-	-	-	-
-	F.P.	6.10	47	39	Do. Wrts	39		-	-	-	-
-	F.P.	53.4	104	65	♣Calluna	99	-1	-	-	-	-
280	F.P.	30.3	287	280	Churchill China	285		RN9.86	2.2	4.3	13.0
63	F.P.	12.1	68	65	Ennemix	66		RN0.71	5.3	1.4	8.2
-	F.P.	491.0	495	491	Fidelity Spec Units	491		-	-	-	-
-	F.P.	70.5	169	108	Filtronic C'tek	168	+11	RN0.75	2.6	0.6	56.5
100	F.P.	11.1	101	100	Finsbury Smlr C	101		-	-	-	-
100	F.P.	116.2	102	101	For & Col Emrg C	101		-	-	-	-
-	F.P.	1.91	35	22	Group Dv Cap Wts	23		-	-	-	-
-	F.P.	28.0	62	56	Hambros Sm Asian	56		-	-	-	-
-	F.P.	2.70	30	27	Do Warrants	27		-	-	-	-
100	F.P.	30.3	102	98	Hoare Govett 1000	101		-	-	-	-
-	F.P.	29.7	100	90	INVESCO Korea C	99		-	-	-	-
180	F.P.	167.5	223	205	Irish Permanent	220		uN9.0	2.9	5.5	7.7
215	F.P.	69.0	232	229	JJB Sports	230		RN6.0	2.4	3.3	14.1
-	F.P.	50.2	493	475	Prolific Inc A/L	485	-1	-	-	-	-
135	F.P.	62.3	156	138	Servisair	155	+6	RN3.8	1.3	3.1	25.1
115	F.P.	224.4	126	117	TLG	128		WN3.5	2.0	3.5	18.1
170	F.P.	19.8	173	168	Tele-Cine Cell	168		RN5.44	2.2	4.0	11.6
-	F.P.	8.01	62	57	Whitchurch	60		RN1.26	3.0	2.6	12.5

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	Low	Stock	Closing price p	+or-
310	Nil	20/12	41pm	18pm	Kenwood Appl	25pm	-3
27	Nil	28/11	3½pm	2½pm	Martin Intl	3pm	
26	Nil	22/11	¼pm	¼pm	Novo	¼pm	
85	Nil	23/12	15pm	10pm	Pressac	10pm	-1

FINANCIAL TIMES EQUITY INDICES

	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Yr ago	*High	*Low
Ordinary Share	2407.0	2406.7	2418.6	2408.4	2379.7	2357.6	2713.6	2240.6
Ord. div. yield	4.32	4.32	4.28	4.29	4.35	3.95	4.51	3.43
Earn. yld. % full	6.33	6.33	6.20	6.23	6.30	4.62	6.51	3.82
P/E ratio net	18.24	18.23	18.64	18.56	18.34	27.11	33.43	16.94
P/E ratio nil	17.86	17.85	18.18	18.11	17.89	25.15	30.80	17.09

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2404.4	2410.1	2409.7	2408.6	2409.2	2408.4	2408.2	2405.3	2407.4	2411.4	2403.1

	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Yr ago
SEAQ bargains	25,114	26,218	31,156	30,763	25,659	25,275
Equity turnover (£m)†	-	1436.3	1586.7	2629.1	867.0	1173.4
Equity bargains†	-	30,374	35,243	34,603	30,137	29,474
Shares traded (ml)†	-	652.9	669.3	805.4	436.6	245.3

†Excluding intra-market business and overseas turnover.

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Nov 18 / US$)

(3 pm)

EUROPE

AFRICA

PACIFIC

INDICES

	Nov 18	Nov 17	Nov 16	1994 High		1994 Low	
Argentina							
General (29/12/77)	(u)	18032.57	18491.22	25470.49	16/2	17768.98	20/4
Australia							
All Ordinaries(1/1/80)	1922.0	1922.4	1940.3	2340.60	3/2	1922.00	18/11
All Mining(1/1/80)	970.2	983.3	991.1	1138.10	3/2	904.60	5/5
Austria							
Credit Aktien(30/12/84)	385.17	386.14	387.16	460.66	2/2	378.94	25/10
Traded Index(2/1/91)	1024.13	1025.62	1031.66	1222.25	1/2	1011.36	6/6
Belgium							
BEL20 (1/1/91)	1391.46	1389.27	1393.25	1542.65	9/2	1338.39	7/10
Brazil							
Bovespa (29/12/83)	(u)	48737.0	49898.0	55110.00	13/9	3800.90	3/1
Canada							
Metals Minls♦(1975)	(u)	3933.39	3958.89	4278.02	20/10	3298.06	20/4
Composite♦ (1975)	(u)	4143.80	4171.70	4809.90	23/3	3959.90	24/6
Portfolio§§ (4/1/83)	(u)	2008.36	2020.39	2182.69	1/2	1868.48	28/6
Chile							
IPGA Gen (31/12/80)	(u)	5724.8	5665.6	5724.88	17/11	3901.20	4/4
Denmark							
CopenhagenSE(3/1/83)	348.16	348.07	345.43	415.79	2/2	337.19	8/11
Finland							
HEX General(28/12/90)	1928.6	1945.0	1939.7	1872.00	4/2	1681.10	3/1
France							
SBF 250 (31/12/90)	1280.81	1284.58	1297.66	1585.20	2/2	1227.86	25/10
CAC 40(31/12/87)	1926.50	1927.53	1950.20	2355.93	2/2	1824.42	25/10
Germany							
FAZ Aktien(31/12/58)	788.57	789.51	(c)	858.27	18/5	742.04	5/10
Commerzbank(1/12/53)	2247.30	2249.70	(c)	2465.50	2/5	2116.30	5/10
DAX (30/12/87)†	2100.23	2102.69	(c)	2271.11	16/5	1980.58	7/10
Greece							
Athens SE(31/12/80)	816.50	816.79	821.04	1194.58	18/1	804.58	10/11
Hong Kong							
Hang Seng(31/7/64)	9427.44	9518.28	9592.24	12201.09	4/1	8369.44	4/5
India							
BSE Sens.(1979)	(c)	4158.19	4113.79	4628.57	12/9	3454.00	5/1
Indonesia							
Jakarta Comp.(10/8/82)	509.84	512.46	514.14	612.89	5/1	449.72	12/7
Ireland							
ISEQ Overall(4/1/88)	1828.44	1841.05	1840.71	2082.18	20/1	1694.14	1/7
Italy							
Banca Comm Ital (1972)	643.59	638.28	640.41	617.17	10/5	598.85	10/1
MIB General (4/1/94)	1043.0	1034.0	1036.0	1318.00	10/5	944.00	10/1
Japan							
Nikkei 225 (16/5/49)	19302.59	19338.57	19308.66	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	279.73	280.75	280.21	311.71	13/6	268.22	4/1
Topix (4/1/68)	1523.47	1527.61	1525.50	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2147.70	2160.29	2158.55	2542.65	6/7	1873.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	1046.68	1052.48	1063.15	1314.46	5/1	928.33	4/4
Mexico							
IPC (Nov 1978)	(u)	2465.21	2510.41	2881.17	8/2	1957.33	20/4
Netherland							
CBS TtlRtnGen(End 83)	436.4	438.5	439.4	454.90	31/1	408.30	21/6
CBS All Shr (End 83)	273.8	275.1	275.7	294.80	31/1	257.90	21/6
New Zealand							
Cap. 40 (1/7/86)	2052.86	2046.21	2038.02	2439.64	3/2	1945.51	11/7
Norway							
Oslo SE(Ind)(2/1/83)	1055.84	1057.63	1056.72	1211.10	28/2	980.91	21/6
Philippines							
Manila Comp (2/1/85)	2913.10	2904.10	2901.45	3308.37	4/1	2507.33	9/3
Portugal							
BTA (1977)	2936.2	2923.2	2916.0	3226.60	18/2	2812.80	20/6
Singapore							
SES All-S'pore(2/4/75)	566.66	571.67	570.58	641.61	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	2138.0♥	2189.0	2167.0	2534.06	7/9	1749.06	14/2
JSE Indl. (28/9/78)	6950.0♥	6912.0	6850.0	6950.09	18/11	5446.00	19/1
South Korea							
KoreaCmpEx(4/1/80)**	1118.45	1120.63	1118.75	1138.75	8/11	855.37	2/4
Spain							
Madrid SE (30/12/85)	302.21	301.79	302.76	358.31	31/1	288.65	26/10
Sweden							
AffarsvardnGen (1/2/37)	1506.90	1500.40	1514.50	1883.90	31/1	1334.70	6/7
Switzerland							
Swiss Bk Ind (31/12/58)	1223.63	1220.49	1219.65	1422.34	31/1	1138.72	27/10
SBC General (1/4/87)	923.58	921.42	923.48	1083.29	31/1	876.57	27/10
Taiwan							
WeightedPr.(30/6/66)**	6350.71	6297.88	6346.78	7191.13	30/9	5194.63	19/3
Thailand							
Bangkok SET (30/4/75)	1457.49	1479.26	1489.15	1783.73	4/1	1198.59	4/4
Turkey							
Istanbul Cmp.(Jan 1986)	27235.58	27001.3	27421.0	28883.60	13/1	12880.70	24/3
WORLD							
MS Capital Int (1/1/70)§	623.2*	625.3	626.4	649.90	2/11	591.60	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1344.08	1350.69	1353.69	1540.19	31/1	1288.48	5/10
Euro Top-100 (26/6/90)	1192.87	1192.53	1200.78	1311.61	2/2	1138.48	5/10
JCapeDrgns (31/12/88)	(u)	335.36	338.62	385.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	177.24	179.89	179.36	181.79	26/9	141.65	21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Nov	1940.0	1935.0	-	1941.0	1915.0	16,913	21,690
Dec	1949.0	1944.0	-	1949.0	1925.5	1,413	25,471
Jan	1957.0	1952.0	-	1957.0	1935.0	-	237

Open interest figures for previous day.

** Sat Nov 12: Taiwan Weighted Price (c) ; Korea Comp Ex 1116.28. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Nov 18 - 2089.46 -2.46

US INDICES

Dow Jones	Nov 17	Nov 16	Nov 15	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3828.05	3845.20	3826.36	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	93.98	94.24	94.35	105.61 (21/1)	93.98 (17/11)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1475.29	1483.67	1484.37	1862.29 (2/2)	1438.50 (8/10)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	175.72	176.64	176.84	227.86 (3/1)	175.72 (17/11)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3868.08 (3864.38) Low 3797.77 (3803.82) (Theoretical♦)
Day's high 3849.24 (3845.54) Low 3808.87 (3820.31) (Actual♦)

Standard and Poors	Nov 17	Nov 16	Nov 15	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	463.68	465.80	465.03	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	553.83	555.85	554.23	563.10 (28/10)	510.05 (21/4)	563.10 (28/10/94)	3.62 (21/6/32)
Financial	41.77	42.34	42.64	48.94 (14/6)	41.39 (4/4)	48.40 (28/8/93)	8.64 (1/10/74)
NYSE Comp.	253.49	254.71	254.52	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	446.13	448.39	448.61	487.89 (2/2)	422.57 (20/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	765.84	769.64	769.02	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Nov 11	Nov 4	Oct 28	Year ago
Dow Jones Ind. Div. Yield	2.78	2.78	2.70	2.71
	Nov 16	Nov 9	Nov 2	Year ago
S & P Ind. Div. yield	2.38	2.39	2.39	2.38
S & P Ind. P/E ratio	19.03	20.93	20.95	28.88

■ STANDARD AND POORS 500 INDEX FUTURES $500 times Index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	464.35	463.45	-0.90	465.10	463.30	82,532	205,410
Mar	466.60	466.55	-0.95	466.80	466.50	6,529	34,377
Jun	-	470.70	-	-	470.70	399	4,305

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
AT&T	7,737,900	52¼	+⅜
Wal-Mart	6,510,600	22⅝	–¼
Gen Motors	4,646,600	38½	–1⅛
Telefonos	4,189,900	51⅜	–1¼
Merck	3,994,200	37½	+⅛
RJR Nabisco	3,860,900	6¾	—
HP	3,832,000	100¼	+1¾
Motorola	2,397,100	61	+¼
Chrysler	2,289,400	49⅝	–1⅛
Dig Equip	2,260,200	34⅞	–1⅛

■ TRADING ACTIVITY

● Volume (million)

	Nov 17	Nov 16	Nov 15
New York SE	323.188	298.973	336.336
Amex	16.288	15.132	18.779
NASDAQ	317.215	278.634	290.508
NYSE			
Issues Traded	2,932	2,920	2,922
Rises	744	1,035	1,138
Falls	1,462	1,208	1,098
Unchanged	726	677	686
New Highs	23	22	39
New Lows	204	163	214

† Correction. * Calculated at 15.00 GMT, ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs and lows based on data from Jan 1 1994. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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CURRENCIES AND MONEY

MARKETS REPORT

Dollar steady

The dollar yesterday had a steady day on the foreign exchanges, helped by some fairly friendly trade figures, *writes Philip Gawith*.

Although the September US trade deficit rose to $10.13bn, from $9.68bn in August, this news was offset by the bilateral deficit with Japan narrowing to $5.73bn from $5.8bn. Trade frictions between the US and Japan have contributed significantly to dollar weakness this year.

The dollar closed in London at DM1.5539, from DM1.548, and at Y98.525 from Y98.145.

In Europe, the Swiss franc came under pressure following market rumours, which were denied, that the Swiss National Bank might lower interest rates. It closed at SFr0.847 against the D-Mark, from SFr0.840.

Sterling gained little help from strong third quarter GDP figures, showing the UK economy had grown, year-on-year, by 4.2 per cent (revised up from 3.6 per cent). It finished at DM2.4379, from DM2.4368, and at $1.569 from $1.5742.

Renewed debate about Britain's relationship with Europe has contributed to recent sterling weakness.

■ Analysts said the market was probably slightly long of dollars at the moment, and this accounted for the currency's grudging upward progress,

■ **Pound in New York**

Nov 18	Latest	Prev. close
£ spot	1.5680	1.5718
1 mth	1.5675	1.5715
3 mth	1.5678	1.5718
1 yr	1.5653	1.5688

despite a combination of supportive events.

Mr David Cocker, economist at Chemical Bank in London, predicted a "slow, upward grind" for the dollar. But he added that "the bottom for the dollar may now be in place."

He cautioned, though, that a lot of dollar bears remained in the market. Those banks which remain bearish of the dollar – Swiss Bank Corporation and Chase Manhattan are two – tend to base their view on long term structural problems, concerning the balance of payments and fiscal policy, remaining unresolved.

Bears believe that Republican gains in Congress, if anything, are a cause for further fiscal alarm, while Japanese institutions are understood still to be nervous about recycling their current account surplus into US assets.

Mr Cocker said the market probably wanted further data about the US economy, confirming the Fed's success in slowing US growth and inflation, before pushing the dollar higher.

Trade was fairly quiet, with traders happy to take profits ahead of next week's Thanksgiving holiday. Only Monday and Tuesday will be uninterrupted trading days.

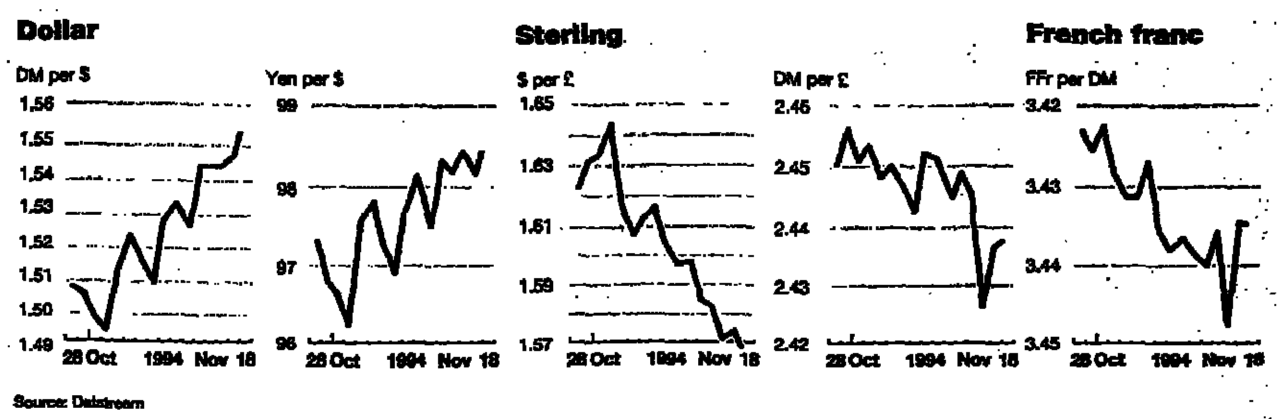
■ In Europe analysts reported some attention returning to the Italian market. Mr Peter Stoneham, analyst at Technical Data in London, said the lira looked to appreciate as the 1995 budget neared completion.

"The only fly in the ointment, as far as Berlusconi is concerned, is that his coalition party falls just short of an overall majority in the Senate and it's possible that he will see some further budget delays."

"Overall, the picture looks brighter, and if the Berlusconi administration can reach agreement with the labour unions over pension reforms, expect to see the lira appreciate to below the key L1020.50 level by the end of the year."

The fortnightly foreign exchange survey, conducted by IDEA, found currency investors and corporates in overwhelming agreement that the lira was the currency in which they were most underweight.

■ The Bank of England cleared a £350m shortage in UK money markets at established rates. Three month money traded at 6⅛ per cent.



Source: Datastream

POUND SPOT FORWARD AGAINST THE POUND

Nov 18		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. index
Europe													
Austria	(Sch)	17.1604	+0.0166	526 - 681	17.1979	17.1060	17.156	0.3	17.1442	0.4	-	-	115.2
Belgium	(BFr)	50.1358	+0.0258	168 - 548	50.2570	50.1110	50.1608	-0.6	50.0358	0.8	49.6308	1.0	117.0
Denmark	(DKr)	9.5361	+0.0074	316 - 406	9.5598	9.5316	9.5337	0.3	9.5484	-0.5	9.528	0.1	116.6
Finland	(FM)	7.4580	-0.0139	485 - 675	7.4900	7.4485	-	-	-	-	-	-	88.5
France	(FFr)	8.3737	+0.0017	708 - 766	8.3960	8.3645	8.3745	-0.1	8.3666	0.3	8.3126	0.7	109.9
Germany	(DM)	2.4379	+0.0011	370 - 388	2.4458	2.4355	2.437	0.5	2.4335	0.7	2.4038	1.4	126.1
Greece	(Dr)	375.764	+0.475	523 - 004	376.086	374.161	-	-	-	-	-	-	-
Ireland	(I£)	1.0147	-0.0023	141 - 153	1.0201	1.0134	1.0145	0.2	1.0142	0.2	1.0159	-0.1	104.0
Italy	(L)	2499.50	-0.33	816 - 084	2503.06	2496.60	2505.2	-2.7	2516.5	-2.7	2564.75	-2.6	74.2
Luxembourg	(LFr)	50.1358	+0.0258	168 - 548	50.2570	50.1110	50.1608	-0.6	50.0358	0.8	49.6308	1.0	117.0
Netherlands	(Fl)	2.7320	+0.0011	306 - 334	2.7381	2.7305	2.7309	0.5	2.7273	0.7	2.6978	1.3	120.8
Norway	(NKr)	10.6736	+0.006	688 - 783	10.7067	10.6499	10.6736	0.0	10.6753	-0.1	10.6742	0.0	85.5
Portugal	(Es)	249.071	+0.41	937 - 205	249.191	248.576	250.801	-8.3	253.981	-7.9	-	-	-
Spain	(Pta)	202.999	-0.041	914 - 083	203.558	202.570	203.349	-2.1	204.004	-2.0	206.944	-1.9	85.7
Sweden	(SKr)	11.5017	-0.0548	920 - 113	11.5905	11.4911	11.5207	-2.0	11.5632	-2.1	11.7077	-1.8	76.8
Switzerland	(SFr)	2.0640	+0.0163	627 - 652	2.0662	2.0532	2.0607	1.9	2.0537	2.0	2.0133	2.5	120.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.7
Ecu	-	1.2801	+0.0003	792 - 809	1.2833	1.2767	1.28	0.0	1.2805	-0.1	1.2741	0.5	-
SDR†	-	0.931718	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5692	-0.0043	688 - 696	1.5725	1.5639	-	-	-	-	-	-	-
Brazil	(R$)	1.3117	+0.0011	098 - 135	1.3144	1.3045	-	-	-	-	-	-	-
Canada	(C$)	2.1441	-0.0028	432 - 449	2.1490	2.1389	2.1431	0.6	2.1418	0.4	2.1404	0.2	86.6
Mexico	(New Peso)	5.4165	-0.0187	129 - 200	5.4250	5.4020	-	-	-	-	-	-	-
USA	($)	1.5690	-0.0052	686 - 693	1.5722	1.5642	1.5691	-0.1	1.5689	0.0	1.5662	0.2	62.5
Pacific/Middle East/Africa													
Australia	(A$)	2.0692	-0.0239	680 - 703	2.0863	2.0678	2.0713	-1.2	2.0741	-0.9	2.086	-0.9	-
Hong Kong	(HK$)	12.1303	-0.0414	268 - 338	12.1547	12.0931	12.1213	0.9	12.117	0.4	12.0718	0.5	-
India	(Rs)	49.2160	-0.1647	991 - 329	49.3120	49.0730	-	-	-	-	-	-	-
Japan	(Y)	154.581	+0.061	507 - 655	154.700	153.870	154.171	3.2	153.186	3.6	148.241	4.1	190.4
Malaysia	(M$)	4.0259	-0.0117	242 - 276	4.0335	4.0161	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5148	-0.0157	122 - 173	2.5250	2.5112	2.5195	-2.2	2.5287	-2.2	2.5486	-1.3	-
Philippines	(Peso)	38.3295	-0.0023	425 - 165	38.4200	38.2420	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8851	-0.0197	833 - 868	5.8969	5.8676	-	-	-	-	-	-	-
Singapore	(S$)	2.3051	-0.0114	040 - 061	2.3137	2.2997	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5490	-0.0044	465 - 514	5.5577	5.5361	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.4672	-0.0736	501 - 843	6.5167	6.4375	-	-	-	-	-	-	-
South Korea	(Won)	1248.65	-4.18	829 - 901	1251.31	1244.95	-	-	-	-	-	-	-
Taiwan	(T$)	41.2759	-0.0134	557 - 961	41.3504	41.1619	-	-	-	-	-	-	-
Thailand	(Bt)	39.2395	-0.1391	150 - 639	39.3420	39.1520	-	-	-	-	-	-	-

†SDR rates for Nov 17. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 18		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.9375	+0.047	350 - 400	10.9845	10.9175	10.93	0.8	10.9135	0.9	10.818	1.1	104.3
Belgium	(BFr)	31.9550	+0.123	500 - 600	32.0900	31.8800	31.935	0.8	31.8875	0.8	31.69	0.8	106.0
Denmark	(DKr)	6.0780	+0.025	765 - 795	6.1010	6.0645	6.0773	0.1	6.083	-0.3	6.1015	-0.4	105.3
Finland	(FM)	4.7535	+0.007	485 - 585	4.7837	4.7460	4.7508	0.7	4.7485	0.4	4.78	-0.1	82.9
France	(FFr)	5.3372	+0.0189	365 - 378	5.3585	5.3230	5.3383	0.2	5.3325	0.4	5.3077	0.6	106.1
Germany	(D)	1.5539	+0.0059	536 - 541	1.5650	1.5500	1.5532	0.5	1.551	0.7	1.5349	1.2	107.0
Greece	(Dr)	239.500	+1.1	400 - 600	239.980	238.700	239.77	-1.4	240.325	-1.4	242.475	-1.2	68.3
Ireland	(I£)	1.5462	-0.0017	456 - 468	1.5511	1.5378	1.5464	-0.2	1.5469	-0.2	1.5425	0.2	-
Italy	(L)	1593.10	+5.1	260 - 360	1598.00	1588.25	1596.65	-2.7	1603.9	-2.7	1637.6	-2.8	74.6
Luxembourg	(LFr)	31.9550	+0.123	500 - 600	32.0900	31.8800	31.935	0.8	31.8875	0.8	31.69	0.8	106.0
Netherlands	(Fl)	1.7413	+0.0065	408 - 418	1.7485	1.7375	1.7405	0.6	1.7383	0.7	1.7228	1.1	105.7
Norway	(NKr)	6.8030	+0.0265	015 - 045	6.8435	6.7762	6.8112	-1.5	6.829	-1.5	6.8555	-0.8	95.7
Portugal	(Es)	158.750	+0.79	700 - 800	159.170	158.210	159.325	-4.3	160.45	-4.3	164	-3.3	95.2
Spain	(Pta)	129.385	+0.405	360 - 410	129.860	128.870	129.6	-2.0	130.02	-2.0	132.135	-2.1	80.7
Sweden	(SKr)	7.3308	-0.0104	263 - 353	7.3823	7.3195	7.342	-1.8	7.3688	-2.1	7.4858	-2.1	81.9
Switzerland	(SFr)	1.3155	+0.0147	150 - 160	1.3195	1.3065	1.3134	2.0	1.3089	2.0	1.2855	2.3	107.2
UK	(£)	1.5690	-0.0052	686 - 693	1.5722	1.5642	1.5691	-0.1	1.5689	0.0	1.5662	0.2	88.2
Ecu	-	1.2257	-0.0044	252 - 262	1.2285	1.2207	1.2257	0.0	1.226	-0.1	1.2292	-0.3	-
SDR†	-	1.46671	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	+0.0006	001 - 002	1.0002	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	0.8360	+0.0035	350 - 370	0.8370	0.8350	-	-	-	-	-	-	-
Canada	(C$)	1.3666	+0.0028	663 - 668	1.3685	1.3650	1.3663	0.2	1.366	0.2	1.3711	-0.3	83.1
Mexico	(New Peso)	3.4523	+0.0009	508 - 538	3.4538	3.4508	3.4533	-0.3	3.4551	-0.3	3.4625	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	95.7
Pacific/Middle East/Africa													
Australia	(A$)	1.3189	-0.0106	184 - 193	1.3260	1.3184	1.3197	-0.7	1.3215	-0.8	1.3342	-1.2	88.2
Hong Kong	(HK$)	7.7315	-0.0005	310 - 320	7.7328	7.7307	7.7295	0.3	7.7283	0.2	7.736	-0.1	-
India	(Rs)	31.3688	-	650 - 725	31.3725	31.3650	31.4388	-2.7	31.5838	-2.7	-	-	-
Japan	(Y)	98.5250	+0.38	000 - 500	98.5500	98.2600	98.255	3.3	97.635	3.6	94.85	3.9	151.1
Malaysia	(M$)	2.5660	+0.0012	655 - 665	2.5675	2.5650	2.563	1.4	2.5585	1.2	2.5865	-0.8	-
New Zealand	(NZ$)	1.6028	-0.0047	015 - 041	1.6087	1.6015	1.6037	-0.7	1.6062	-0.8	1.6152	-0.8	-
Philippines	(Peso)	24.4300	+0.08	800 - 800	24.4800	24.3000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7510	-	507 - 512	3.7512	3.7507	3.7546	-1.1	3.7615	-1.1	3.776	-0.7	-
Singapore	(S$)	1.4692	-0.0023	688 - 695	1.4720	1.4685	1.4676	1.3	1.4642	1.4	1.4477	1.5	-
S Africa (Com.)	(R)	3.5368	+0.009	360 - 375	3.5390	3.5295	3.5523	-5.3	3.5844	-5.4	3.7493	-6.0	-
S Africa (Fin.)	(R)	4.1220	-0.033	120 - 320	4.1500	4.1050	4.15	-8.2	4.1945	-7.0	4.432	-7.5	-
South Korea	(Won)	795.850	-	800 - 900	796.000	795.300	798.85	-4.5	802.35	-3.3	820.85	-3.1	-
Taiwan	(T$)	26.3080	+0.0792	010 - 150	26.3150	26.2420	26.328	-0.9	26.388	-0.9	-	-	-
Thailand	(Bt)	25.0100	-0.005	000 - 200	25.0300	25.0000	25.0395	-1.4	25.1305	-1.9	25.535	-2.1	-

†SDR rate for Nov 17. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Nov 17. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

November 18	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4⅞	4⅞	5⅛	5½	6⅛	7.40	4.50	-
week ago	4⅞	4⅞	5⅛	5½	6⅛	7.40	4.50	-
France	5⅛	5¼	5⅝	5⅞	6⅛	5.00	-	6.75
week ago	5⅛	5¼	5⅝	5⅞	6⅛	5.00	-	6.75
Germany	4.93	4.95	5.15	5.25	5.60	6.00	4.50	4.85
week ago	4.90	4.95	5.15	5.25	5.60	6.00	4.50	4.85
Ireland	5¼	5¼	5⅝	6⅛	7⅛	-	-	6.25
week ago	5⅛	5¼	5⅝	6⅛	7⅛	-	-	6.25
Italy	8⅛	8⅛	8⅝	9⅛	9⅞	-	7.50	8.20
week ago	8⅛	8⅛	8⅝	8⅞	9⅞	-	7.50	8.20
Netherlands	4.84	5.04	5.24	5.37	5.76	-	5.25	-
week ago	4.84	5.04	5.25	5.38	5.76	-	5.25	-
Switzerland	3	3⅝	3⅞	4⅛	4½	6.625	3.50	-
week ago	3⅝	3¾	4	4⅛	4½	6.625	3.50	-
US	5½	5⅛	5⅞	6⅛	6¾	-	4.75	-
week ago	4⅞	5⅛	5⅞	6⅛	6⅞	-	4.00	-
Japan	2⅞	2¼	2⅛	2⅞	2⅞	-	1.75	-
week ago	2¼	2¼	2¼	2¼	2¾	-	1.75	-
■ **$ LIBOR FT London**								
Interbank Fixing	-	5⅝	5⅞	6⅛	6⅝	-	-	-
week ago	-	5⅝	5⅞	6⅛	6¾	-	-	-
US Dollar CDs	-	5.50	5.75	6.09	6.72	-	-	-
week ago	-	5.50	5.50	5.86	6.50	-	-	-
SDR Linked Ds	-	3⅝	3⅞	3¾	4	-	-	-
week ago	-	3⅝	3⅞	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5½; 3 mths: 5⅞; 6 mths: 6¼; 1 year: 6⅞. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 18	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4$\frac{15}{16}$ - 4$\frac{13}{16}$	4$\frac{15}{16}$ - 4$\frac{13}{16}$	4$\frac{15}{16}$ - 4$\frac{13}{16}$	5¼ - 5⅛	5½ - 5⅜	6⅛ - 6
Danish Krone	5¾ - 5½	5¾ - 5½	5¾ - 5½	6¼ - 6	6⅝ - 6⅜	7¼ - 7
D-Mark	5⅛ - 4$\frac{15}{16}$	5 - 4⅞	5 - 4⅞	5$\frac{3}{16}$ - 5$\frac{1}{16}$	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5⅝ - 5½
Dutch Guilder	5 - 4$\frac{13}{16}$	5$\frac{1}{16}$ - 4$\frac{15}{16}$	5¼ - 5$\frac{3}{16}$	5¼ - 5$\frac{1}{16}$	5½ - 5$\frac{5}{16}$	5$\frac{15}{16}$ - 5$\frac{13}{16}$
French Franc	5⅜ - 5¼	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5⅝ - 5½	5⅞ - 5¾	6⅜ - 6¼
Portuguese Esc.	9 - 8⅞	9⅛ - 8$\frac{15}{16}$	9½ - 9¼	10⅛ - 9⅞	10$\frac{7}{16}$ - 10⅛	10¾ - 10¼
Spanish Peseta	7½ - 7⅜	7$\frac{9}{16}$ - 7$\frac{7}{16}$	7$\frac{9}{16}$ - 7$\frac{7}{16}$	7$\frac{13}{16}$ - 7$\frac{11}{16}$	8⅜ - 8¼	9⅛ - 9
Sterling	5⅝ - 5⅜	5½ - 5⅜	5⅝ - 5$\frac{9}{16}$	6$\frac{1}{16}$ - 5$\frac{15}{16}$	6$\frac{15}{16}$ - 6$\frac{13}{16}$	7$\frac{5}{16}$ - 7⅛
Swiss Franc	3⅜ - 3¼	3$\frac{7}{16}$ - 3$\frac{5}{16}$	3$\frac{9}{16}$ - 3$\frac{7}{16}$	3$\frac{15}{16}$ - 3$\frac{13}{16}$	4⅛ - 4	4$\frac{9}{16}$ - 4$\frac{7}{16}$
Can. Dollar	5$\frac{3}{16}$ - 5	5⅜ - 5$\frac{3}{16}$	5⅜ - 5¼	5¾ - 5⅝	6⅜ - 6¼	7$\frac{5}{16}$ - 7$\frac{3}{16}$
US Dollar	5$\frac{9}{16}$ - 5$\frac{7}{16}$	5$\frac{9}{16}$ - 5$\frac{7}{16}$	5⅝ - 5½	5$\frac{15}{16}$ - 5$\frac{13}{16}$	6¼ - 6⅛	6$\frac{15}{16}$ - 6$\frac{13}{16}$
Italian Lira	8 - 7½	8$\frac{5}{16}$ - 8$\frac{3}{16}$	8$\frac{5}{16}$ - 8$\frac{3}{16}$	8⅝ - 8½	9$\frac{1}{16}$ - 8$\frac{15}{16}$	9⅞ - 9¾
Yen	2¼ - 2⅛	2$\frac{5}{16}$ - 2$\frac{3}{16}$	2$\frac{5}{16}$ - 2$\frac{3}{16}$	2⅜ - 2¼	2½ - 2⅜	2⅞ - 2¾
Asian $Sing	2⅞ - 2¾	3$\frac{1}{16}$ - 2$\frac{15}{16}$	3¼ - 3⅛	3½ - 3⅜	3¾ - 3⅝	4⅛ - 4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.30	94.31	+0.01	94.31	94.29	5,471	47,431
Mar	93.86	93.87	-	93.88	93.86	8,978	38,925
Jun	93.49	93.47	-0.02	93.49	93.46	5,486	29,829
Sep	93.15	93.14	-0.02	93.16	93.13	4,354	21,178

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		93.88	+0.01			0	2633
Mar		93.29	-			0	1454
Jun		92.75	-0.01			0	389
Sep		92.38	-0.03			0	177

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.82	94.83	+0.01	94.84	94.81	7830	133401
Mar	94.61	94.62	+0.02	94.63	94.59	20418	178092
Jun	94.23	94.23	+0.01	94.26	94.20	22075	118173
Sep	93.84	93.84	+0.01	93.86	93.79	11887	82844

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	91.06	91.16	+0.10	91.19	91.06	3845	31323
Mar	90.47	90.56	+0.09	90.58	90.46	3392	34418
Jun	89.93	89.96	+0.08	89.99	89.90	1108	15805
Sep	89.53	89.63	+0.06	89.68	89.47	749	21197

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.94	96.00	+0.06	96.04	95.94	3087	17922
Mar	95.63	95.70	+0.07	95.75	95.63	2679	20968
Jun	95.34	95.37	+0.06	95.37	95.33	601	5844
Sep	95.03	95.02	+0.06	95.03	95.00	205	2821

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.04	94.07	+0.02	94.09	94.04	508	8134
Mar	93.68	93.69	+0.01	93.69	93.66	804	7339
Jun	93.16	93.18	-	93.18	93.16	266	4268
Sep	92.64	92.68	+0.01	92.68	92.64	90	2347

* LIFFE futures traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 18		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.02	16.70	4.861	2.023	4985	5.450	21.28	496.7	404.7	22.94	4.117	1.995	4.277	3.130	308.2	2.553
Denmark	(DKr)	52.57	10	8.780	2.556	1.063	2621	2.865	11.19	261.1	212.8	12.06	2.164	1.049	2.248	1.645	162.0	1.342
France	(FFr)	59.87	11.39	10	2.911	1.211	2985	3.263	12.74	297.4	242.3	13.73	2.465	1.194	2.561	1.874	184.5	1.529
Germany	(DM)	20.57	3.913	3.436	1	0.416	1025	1.121	4.376	102.2	83.26	4.719	0.847	0.410	0.880	0.644	63.40	0.525
Ireland	(I£)	49.44	9.404	8.257	2.403	1	2464	2.694	10.52	245.6	200.1	11.34	2.036	0.986	2.114	1.547	152.4	1.262
Italy	(L)	2.006	0.382	0.335	0.098	0.041	100.	0.109	0.427	9.964	8.119	0.460	0.083	0.040	0.086	0.063	6.182	0.051
Netherlands	(Fl)	18.35	3.490	3.065	0.892	0.371	914.7	1	3.906	91.14	74.27	4.209	0.755	0.366	0.785	0.574	56.55	0.469
Norway	(NKr)	46.98	8.937	7.847	2.284	0.950	2342	2.560	10	233.4	190.2	10.78	1.934	0.937	2.009	1.470	144.8	1.200
Portugal	(Es)	20.13	3.830	3.363	0.979	0.407	1004	1.097	4.285	100.	81.49	4.618	0.829	0.402	0.861	0.630	62.05	0.514
Spain	(Pta)	24.71	4.700	4.127	1.201	0.500	1232	1.346	5.259	122.7	100.	5.668	1.017	0.493	1.057	0.773	76.15	0.631
Sweden	(SKr)	43.59	8.292	7.281	2.119	0.882	2173	2.376	9.278	216.5	176.4	10	1.795	0.870	1.864	1.364	134.3	1.113
Switzerland	(SFr)	24.29	4.620	4.057	1.181	0.491	1211	1.324	5.170	120.6	98.30	5.572	1	0.484	1.039	0.760	74.85	0.620
UK	(£)	50.13	9.536	8.373	2.437	1.014	2499	2.732	10.67	249.0	202.9	11.50	2.064	1	2.144	1.569	154.5	1.280
Canada	(C$)	23.38	4.448	3.905	1.137	0.473	1166	1.274	4.977	116.1	94.64	5.364	0.963	0.466	1	0.732	72.06	0.597
US	($)	31.95	6.078	5.337	1.553	0.646	1593	1.741	6.801	158.7	129.3	7.330	1.315	0.637	1.366	1	98.47	0.816
Japan	(Y)	32.45	6.172	5.419	1.577	0.656	1617	1.768	6.906	161.2	131.3	7.443	1.336	0.647	1.388	1.016	100.	0.828
Ecu		39.16	7.450	6.541	1.904	0.792	1952	2.134	8.336	194.5	158.5	8.984	1.613	0.781	1.675	1.226	120.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Nov 18	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14552	+0.00063	-2.33	5.78	-
Belgium	40.2123	39.3720	+0.0121	-2.09	5.52	15
Germany	1.94964	1.91426	-0.02042	-1.81	5.23	-
Ireland	0.808628	0.796121	-0.003386	-1.55	4.94	8
France	6.53883	6.57297	-0.00081	0.52	2.78	-4
Denmark	7.43679	7.48754	+0.00712	0.68	2.62	-4
Portugal	192.854	195.289	+0.003	1.26	2.03	-8
Spain	154.250	159.370	-0.009	3.32	0.00	-23
NON ERM MEMBERS						
Greece	264.513	294.667	+0.144	11.40	-7.25	-
Italy	1793.19	1961.35	-3.06	9.38	-5.54	-
UK	0.786749	0.784745	-0.000262	-0.25	3.58	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	93.88	93.86	-0.02	93.90	93.86	134,216	395,061
Mar	93.29	93.26	-0.03	93.31	93.25	221,125	448,060
Jun	92.75	92.71	-0.04	92.77	92.70	150,232	314,093

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.48	94.46	-0.01	94.48	94.46	2,364	15,942
Mar	93.88	93.85	-0.02	93.88	93.85	1,857	9,479
Jun	93.37	93.33	-	93.37	93.33	1,164	2,502

All Open interest figs. are for previous day

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6459	0.6453	-0.0007	0.6459	0.6415	23,335	91,815
Mar	0.6460	0.6467	-0.0011	0.6467	0.6439	1,088	7,859
Jun	-	0.6497	-	-	-	48	1,333

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0204	1.0196	-0.0011	1.0206	1.0170	14,032	73,837
Mar	1.0286	1.0282	-0.0018	1.0294	1.0263	659	9,163
Jun	-	1.0407	-	-	-	68	616

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	PUTS Dec	PUTS Jan	PUTS Feb
1.525	4.65	5.02	5.55	0.16	0.56	0.95
1.550	2.63	3.21	3.84	0.62	1.23	1.71
1.575	1.21	1.88	2.53	1.65	2.32	2.77
1.600	0.43	0.98	1.55	3.31	3.85	4.25
1.625	0.10	0.44	0.89	5.46	5.79	6.05
1.650	-	0.17	0.46	7.79	7.94	8.04

Previous day's vol., Calls 3,706 Puts 8,422 . Prev. day's open int., Calls 357,197 Puts 336,177

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Dec	PUTS Jan	PUTS Feb	PUTS Mar
9475	0.11	0.07	0.10	0.12	0.03	0.20	0.23	0.25
9500	0.02	0.02	0.03	0.05	0.19	0.40	0.42	0.45
9525	0	0.01	0.01	0.02	0.42	0.63	0.64	0.65

Est. vol. total, Calls 11333 Puts 9845. Previous day's open int., Calls 220167 Puts 204071

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9600	0.06	0.08	0.04	0.06	0.35	0.67
9625	0.01	0.02	0.02	0.28	0.57	0.90
9650	0	0.01	0	0.50	0.81	1.13

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 2815 Puts 1815

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7688	0.7633	-0.0058	0.7688	0.7592	15,330	52,177
Mar	0.7700	0.7670	-0.0057	0.7700	0.7625	283	2,997
Jun	-	0.7710	-	-	0.7690	23	264

■ **STERLING FUTURES** (IMM) $62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5716	1.5718	-0.0002	1.5726	1.5650	11,496	47,361
Mar	1.5720	1.5730	-0.0002	1.5730	1.5660	118	945
Jun	-	1.5724	-	1.5724	1.5670	4	20

UK INTEREST RATES

LONDON MONEY RATES

Nov 18	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market deps	[illegible]	[illegible]	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc. [illegible]

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.73	93.77	+0.04	93.77	93.71	15797	136666
Mar	93.01	93.01	+0.01	93.03	92.98	27742	99867
Jun	92.38	92.40	+0.03	92.41	92.34	7183	57364
Sep	91.90	91.93	+0.03	91.93	91.87	3632	64891

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9375	0.12	0.04	0.05	0.10	0.78	1.40
9400	0.02	0.01	0.03	0.25	1.00	1.63
9425	0	0	0.01	0.48	1.24	1.86

Est. vol. total, Calls 6564 Puts 13942. Previous day's open int., Calls 347699 Puts 223497

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	●Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	6
Allied Trust Bank	5.75	Exeter Bank Limited	5.75	Royal Bk of Scotland	5.75
AIB Bank	5.75	Financial & Gen Bank	6.5	●Smith & Williamson Secs	5.75
●Henry Ansbacher	5.75	●Robert Fleming & Co	5.75	TSB	5.75
Bank of Baroda	5.75	Girobank	5.75	●United Bk of Kuwait	5.75
Banco Bilbao Vizcaya	5.75	●Guinness Mahon	5.75	Unity Trust Bank Plc	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Western Trust	5.75
Bank of Ireland	5.75	●Hambros Bank	5.75	Whiteaway Laidlaw	5.75
Bank of India	5.75	Heritable & Gen Inv Bk	5.75	Yorkshire Bank	5.75
Bank of Scotland	5.75	●Hill Samuel	5.75		
Barclays Bank	5.75	C. Hoare & Co	5.75	● Members of London Investment Banking Association	
Brit Bk of Mid East	5.75	Hongkong & Shanghai	5.75	* In administration	
●Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75		
Citibank NA	5.75	●Leopold Joseph & Sons	5.75		
City Merchants Bank	5.75	Lloyds Bank	5.75		
Clydesdale Bank	5.75	Meghraj Bank Ltd	5.75		
The Co-operative Bank	5.75	Midland Bank	5.75		
Coutts & Co	5.75	●Mount Banking	6		
Credit Lyonnais	5.75	NatWestminster	5.75		
Cyprus Popular Bank	5.75	●Rea Brothers	5.75		

■ **OTHER CURRENCIES**

Nov 18	£	$
Hungary	171.730 - 171.994	109.480 - 109.590
Iran	2751.00 - 2754.00	1749.00 - 1750.00
Kuwait	0.4688 - 0.4702	0.2988 - 0.2997
Poland	37254.3 - 37538.5	23735.0 - 23755.0
Russia	4888.00 - 4954.00	3155.00 - 3165.00
UAE	5.7545 - 5.7691	3.6715 - 3.6735

FT GUIDE TO WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Companies & Finance page in Monday's paper.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Gains all round at hectic LME

A hectic week at the London Metal Exchange ended yesterday with most contracts holding on to the bulk of their gains.

Copper met with some profit-taking after the exchange announced a substantial rise in warehouse stocks of the metal. In contrast, an exceptionally large fall in aluminium stocks encouraged a fresh wave of buying.

The copper market had been the leader of the upsurge, the three months position soaring to a four-year high of $2,860 a tonne with a $100-plus advance on Wednesday. By yesterday's close it had retreated to $2,827.50 a tonne, but that was still $145 up on the week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-49,725	to 1,906,175
Aluminium alloy	+160	to 26,680
Copper	+7,700	to 323,225
Lead	-4,875	to 361,825
Nickel	-60	to 150,432
Zinc	-2,075	to 1,212,125
Tin	+5	to 28,985

Analysts saw good fundamental reasons for copper's recent strength. There was concern, however, that a heavy fall could ensue when the investment funds, whose buying has been a particular feature of this year's climb, decided to take their profits.

Mr Ted Arnold, analysts at Merrill Lynch, said it would be reasonable to expected a great deal of profit-taking by December 16 so that the funds could include the benefits in their December-quarter results.

Another concern was that the copper market was being manipulated, a view encouraged by the establishment recently of substantial premiums for nearby delivery positions, a reversal of the normal situation. The LME was monitoring the copper market more closely than usual, chief executive David King confirmed this week. The exchange it has the power to intervive if it believes a "disorderly" market is developing.

The prospect of an exodus of investment fund money is also hanging over the aluminium market. But with stocks continuing to fall rapidly as production cuts agreed earlier this year work through traders do not seem unduely worried. At yesterday's close the three months LME price was quoted at $1,970.75 a tonne, only $8.25 below the four-year peak reached in the morning, and up $116.25, or 6.4 per cent, since the end of last week.

Dealers told the Reuters news agency that the aluminium market seemed to be winding-up for an attack on its next overhead objective of $2,000 a tonne.

Other notable performances at the LME this week were three months zinc's push through $1,200 a tonne, for the first time in two years, and lead's brief foray above $700 a tonne.

Nickel also did well. Though more than $100 below Wednesday's peak, the three months price's closing quotation of $7,722.50 a tonne represented an overall gain of $307.50. The price had fallen sharply with copper on Thursday but rallied yesterday, despite the denial of early talk that Russia's Norilsk plant, the world's biggest, was suffering production problems.

At the London Commodity Exchange coffee prices tumbled to the lowest levels since mid-August as the market responded to weakness in New York.

The January futures position ended yesterday at $3,280 a tonne, down $72 on the day and $191 on the week. The price has now fallen $320 since last week's official projection put the Brazil's frost- and drought-hit 1995-96 crop at between 12.7m and 14.8m bags (60kg each), broadly in line with market forecasts.

A trader told Reuters yesterday that coffee roasters appeared to be buying at the lows, but added: "They aren't willing to chase the market up". On the other hand, he said he had not noticed any evidence of producer selling.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$384.00	-1.45	$378.60	$396.50	$369.50
Silver per troy oz	330.50p	+6.00	320.00p	384.50p	328.30p
Aluminium 99.7% (cash)	$1966.0	+124.5	$1042.50	$1966.0	$1107.50
Copper Grade A (cash)	$2880.0	+169.0	$1627.50	$2915.5	$1731.50
Lead (cash)	$677.0	+13.5	$400.50	$675.0	$426.0
Nickel (cash)	$7600.0	+305.0	$4670.00	$7500.0	$5210.0
Zinc SHG (cash)	$1176.0	+34.5	$929.00	$1186.5	$900.5
Tin (cash)	$6200.0	+55.0	$4627.50	$6270.0	$4730.0
Cocoa Futures Mar	£984	+15	£1040	£1124	£859
Coffee Futures Jan	$3283	-188	$1264	$4091	$1175
Sugar (LDP Raw)	$337.8	+7.5	$264.3	$337.8	$252.9
Barley Futures Jan	£102.75	+1.50	£108.15	£105.60	£92.65
Wheat Futures Jan	£105.40	+1.35	£99.65	£117.50	£97.80
Cotton Outlook A Index	78.10c	+2.35	55.10c	87.10c	62.45c
Wool (64s Super)	460p	+8	353p	485p	342p
Oil (Brent Blend)	$16.73z	-0.185	$15.885	$18.61	$13.16

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. z Jan

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1965.5-6.5	1970.5-1
Previous	1821.5-2.5	1932-3
High/low	1966	1980/1960
AM Official	1967-8	1974-4.5
Kerb close		1977-8
Open int.	249,256	
Total daily turnover	67,239	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1860-70	1895-900
Previous	1855-60	1885-90
High/low		1910/1900
AM Official	1860-70	1895-900
Kerb close		1903-8
Open int.	2,957	
Total daily turnover	506	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	676.5-7.5	694-5
Previous	672-3	690-1
High/low		695/689
AM Official	677-8	695-6
Kerb close		693-5
Open int.	43,518	
Total daily turnover	6,124	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7595-605	7720-5
Previous	7535-40	7660-5
High/low	7640	7760/7640
AM Official	7639-40	7758-60
Kerb close		7740-5
Open int.	66,883	
Total daily turnover	11,716	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6195-205	6290-5
Previous	6200-10	6300-10
High/low	6190	6330/6245
AM Official	6185-90	6285-6
Kerb close		6270-80
Open int.	21,388	
Total daily turnover	7,274	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1175.5-6.5	1203-4
Previous	1170-1	1195-6
High/low	1179	1210/1200
AM Official	1178.5-9	1204.5-5
Kerb close		1204-5
Open int.	110,646	
Total daily turnover	14,453	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2879-81	2827-8
Previous	2893-4	2841-2
High/low	2885	2855/2810
AM Official	2888-90	2829-30
Kerb close		2829-30
Open int.	233,280	
Total daily turnover	70,759	

■ LME AM Official £/$ rate: 1.5673
LME Closing £/$ rate: 1.5665

Spot:1.5675 3 mths:1.5676 6 mths:1.5669 9 mths:1.5659

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Nov	135.30	-0.25	135.40	135.00	987	159
Dec	134.55	-	135.10	133.20	27,380	9,647
Jan	130.90	-0.15	130.90	130.50	928	55
Feb	129.85	+0.10	129.20	129.20	742	18
Mar	127.95	-0.10	128.55	127.20	16,745	3,612
Apr	125.20	-0.35	125.55	125.55	690	14
Total					58,928	15,254

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	383.80-384.20	
Opening	385.10-385.50	
Morning fix	385.25	245.679
Afternoon fix	384.00	244.617
Day's High	385.30-385.60	
Day's Low	383.50-383.80	
Previous close	386.20-386.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....4.97 6 months 5.39
2 months ....5.06 12 months 5.89
3 months 5.13

Silver Fix	p/troy oz.	US cts equiv.
Spot	333.40	522.75
3 months	338.30	530.45
6 months	343.40	538.25
1 year	356.00	557.20

Gold Coins	$ price	£ equiv.
Krugerrand	387-390	247-250
Maple Leaf	394.70-397.20	-
New Sovereign	90-93	58-61

Precious Metals continued

ENERGY

GRAINS AND OIL SEEDS

SOFTS

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	117.55	-1.15	118.40	117.10	181	53
Mar	121.20	-0.60	121.40	120.40	17,105	4,036
May	123.95	-0.70	124.00	123.50	6,147	1,068
Jul	126.45	-0.95	126.80	126.00	1,886	628
Sep	129.25	-1.10	130.00	129.00	1,036	227
Nov	127.35	-1.10	127.50	127.50	1,575	650
Total					28,847	6,665

Spices
The pepper market was somewhat quieter this week, mainly due to holidays in various countries. Black pepper tended a little easier in light business. White, however, especially for delivery to the US, remained steady. Supplies in Malaysia and China are gradually drying up. This week, at a pepper seminar in Kuching, Malaysia pessimistic estimates for Malaysian 1995-96 pepper production were issued. As carry over stocks of previous years have been fully liquidated, when demand re-appears prices are expected to increase further. Muntok white spot was quoted at US$3,650 a tonne and November/December shipment at $3,625, cif. Spot black pepper f.a.q. was at $2,600 a tonne and November/December shipment at $2,575, cif.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Nov 18	Nov 17	month ago	year ago
2144.7	2146.1	2085.5	1630.1

■ CRB Futures (Base: 1967=100)

Nov 17	Nov 16	month ago	year ago
233.61	233.74	233.91	222.86

MEAT AND LIVESTOCK

LONDON TRADED OPTIONS

LONDON SPOT MARKETS

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	89.8500	-	10.69	10.64	10.17
Belgium		7.750	10/04	95.7000	-0.200	8.40	8.29	8.43
Canada *		6.500	06/04	83.4000	+0.350	9.15	9.21	9.13
Denmark		7.000	12/04	88.1500	+0.200	8.82	8.90	8.80
France	BTAN	8.000	05/98	101.3500	+0.082	7.47	7.47	7.56
	OAT	6.750	10/04	90.4400	+0.120	8.19	8.14	8.22
Germany Bund		7.500	11/04	99.5900	-0.140	7.56	7.51	7.50
Italy		8.500	08/04	81.9000	+0.640	11.66†	11.61	11.82
Japan	No 119	4.800	06/99	102.8630	+0.036	4.06	4.03	4.07
Japan	No 164	4.100	12/03	95.9360	+0.031	4.74	4.69	4.74
Netherlands		7.250	10/04	97.5500	+0.020	7.61	7.56	7.49
Spain		8.000	06/04	81.6400	-0.040	11.22	11.26	11.24
UK Gilts		6.000	08/99	90-29	+8/32	8.36	8.52	8.51
		6.750	11/04	88-02	+10/32	8.54	8.66	8.63
		9.000	10/08	103-22	+16/32	8.54	8.65	8.62
US Treasury *		7.875	11/04	99-00	+1/32	8.02	8.00	7.78
		7.500	11/24	92-26	-1/32	8.14	8.15	8.01
ECU (French Govt)		6.000	04/04	83.6100	-0.090	8.60	8.54	8.58

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

Prime rate	8½	One month	5.51	
Broker loan rate	6¾	Two month	5.53	
Fed.funds	5¾	Three month	5.51	
Fed.funds at intervention	-	Six month	6.06	
		One year	6.65	

BOND FUTURES AND OPTIONS

France

Germany

Italy

Spain

UK

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
102	0-38	1-38	0-16	2-00
103	0-09	1-08	0-51	2-34
104	0-01	0-50	1-43	3-12

Est. vol. total, Calls 5637 Puts 1115. Previous day's open int., Calls 76884 Puts 55161

Ecu

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change
Dec	96-24	96-14	-0-09
Mar	96-06	95-27	-0-09
Jun	95-23	95-09	-0-09

Japan

FT-ACTUARIES FIXED INTEREST INDICES

FT FIXED INTEREST INDICES

GILT EDGED ACTIVITY INDICES

UK GILTS PRICES

Other Fixed Interest

ECONOMIC DIARY – FORWARD EVENTS

TODAY: First UK national lottery prize draw. A special conference for the formal election of a new Irish leader. Unions '94 conference in London.

TOMORROW: Ukrainian parliamentary by-elections.

MONDAY: Balance of trade with countries outside the European Union (October). Opec ministers conference in Denpasar (until November 23). European Union transport ministers meeting in Brussels. Foreign parliamentarians meet in Washington to discuss the reform of the World Bank and the International Monetary Fund. China and Taiwan in talks in Nanjing.

TUESDAY: US budget deficit (October). Gulf Arab foreign ministers meeting in Bahrain. Gatt working party meets in Geneva to discuss accession of Taiwan (until November 24). Commonwealth foreign ministry officials meet in Islamabad to discuss arrangements for next year's heads of government meeting in New Zealand (until November 24). South African defence expo opens in Johannesburg (until November 26).

WEDNESDAY: Digest of Welsh statistics (1994). US durable goods (October). Indian port workers threaten a strike in protest against failure to implement wage agreement. European Union fisheries council members meet in Brussels. Japanese markets closed. Results from Granada Group, Courtaulds and Tate & Lyle.

THURSDAY: New earnings survey 1994 Part E: Analyses by region; analyses by age group. Engineering sales and orders at current and constant prices (September). Energy trends (September). New vehicle registrations (October). Health and Safety Commission publish annual report. Draft legislation to allow construction of rail link between the Channel Tunnel and London is expected to be put to parliament. Thanksgiving Day in the US - all markets closed. Bundesbank council meets. Interim statements from Babcock International and Johnson Matthey.

FRIDAY: Confederation of British Industry publishes monthly trends enquiry (November). US existing home loans (October). Strike in Finnish retail sector.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Blackstone Franks UT Mngrs Ltd (0800)F
26-34 Old Street, London EC1V 9HL 071-250 3300

Intl Gwth Portfolio Inc 6	76.18	81.04	+1.37	–
Intl Gwth Portfolio Acc 6	80.37	85.49	+1.45	–
Special Opportunity Inc 6	55.16	58.67	+1.3	–
Special Opportunity Acc 6	60.29	64.13	+1.42	–

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

Dolphin Special Sits 5¼	167.5	179.1	+1.6	1.47
Dolphin Dividend 5¼	83.23	89.02	–0.15	3.82
Dolphin Int Gth & Inc 5¼	209.6	224.2	–0.8	3.22
Dolphin UK & Gen 5¼	43.47	46.49	–0.06	1.94
Dolphin Fund of Funds 5¼	63.44	67.85	–0.04	–

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of AUTIF §§

INITIAL CHARGE: Charges made by a unit trust manager. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the buying price of units.

BUYING PRICE: Also called offer price. The price at which units are bought by investors.

SELLING PRICE: Also called bid price. The price at which units are sold back by investors.

TREATMENT OF MANAGER'S PERIODIC CHARGE: The letter C denotes that the trust deducts all or part of the manager's periodic charge from capital, contact the manager for full details of the effect of this course of action.

EXIT CHARGES: The letter E denotes that an exit charge may be made when you sell units, contact the manager for full details.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Association of Unit Trusts and Investment Funds, 65 Kingsway, London, WC2B 6TD. Tel: 071-831-0898.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

	Init Chge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Prudential Unit Trusts Ltd (1200)F						
51-59 Ilford Hill, Ilford, Essex IG1 2DL 081-478 3377						
Client Enquiry 071-911 4480						
Intermediary Dealing 071-911 4314						
Prudential Managed Tst	6		35.93	38.42	-0.08	1.51
Prudential Cash Base Inc	½		100.60xd	101.40	+0.01	4.50
Prudential Cash Base Acc	½		110.48	111.00	+0.01	4.56
Prudential Dist Inc	6		[illegible]	105.10	-0.05	4.43
Prudential Dist Acc	6		[illegible]	102.31	-0.05	4.43
Prudential Global Growth	6		[illegible]	92.89	-0.20	1.26
Prudential Equity Inc	6		81.07	86.70	-0.05	3.59
Prudential Equity	6		708.20	757.43	-1.22	2.22
Prudential European	6		205.11	219.36	-0.26	0.71
Prudential High Income	6		86.40	92.40	—	4.97
Prudential Intl Grth	6		177.03	189.33	-0.40	1.25
Prudential Intl Sm Co	6		76.54	81.86	-0.01	0.46
Prudential Japanese	6		225.17	240.82	-0.23	0.00
Prudential Nth Amer	6		154.13xd	164.87	-0.72	1.74
Prudential Pacific Mkts	6		105.69	113.03	-0.27	0.22
Prudential Premier Inc	4		46.30xd	48.20	-0.08	6.08
Prudential Sm Cos	6		83.79	89.61	+0.02	1.73
Prudential Spec Sits	6		105.91	113.27	-0.29	2.10
Prudential UK Growth	6		118.88	127.15	+0.03	2.19
*Formerly Holborn Trust						
Reliance Unit Mgrs. Ltd (1000)H						
Reliance House, Tunbridge Wells, Kent 0892 510033						
British Life	6		293.4	311.2	-0.6	3.14
Rock Asset Mgmt (Unit Trust) Ltd (0900)F						
Managed	5		93.78	99.60	—	2.15
Rothschild Fund Management (1000)F						
St Swithin's Lane, London EC4 Dealers 071-280 5000						
FA America (Inc)	5¼		490.03	520.64	-1.03	0.34
FA America (Acc)	5¼		571.73	[illegible]	-1.20	0.34
FA UK Equity Inc	5¼		152.00	163.29	-0.37	3.65
FA Japan	5¼		271.38	288.96	-0.79	—
FA Major UK Cos	5¼		93.13	99.33	-0.29	2.30
FA Smlr UK Cos	5¼		294.83	308.48	+0.17	1.33
FA European	5¼		310.93	329.82	-1.34	0.52
FA American Smlr Cos	5¼		42.69	48.75	-0.01	0.00
FA Asia	5¼		52.10	55.07	-0.18	0.00
FA Japanese Smlr Cos	5¼		53.21	56.91	-0.34	0.00

OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

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	Selling Price	Buying Price	+ or -	Yield Gross
Lincoln National - Contd.				
European	183.0	195.6	+0.70	-
International Money	455.5	479.2	-0.4	-
Unitised With Profits	365.3	387.7	+0.70	-
Managed 2	221.7	233.4	-0.2	-
Managed 3	786.7	828.2	-1.0	-
Managed 4	260.1	273.8	-0.4	-
Schroders	562.1	591.7	-1.4	-
Perpetual	122.8	130.3	-0.1	-
Framlington	97.4	102.5		-
Gross	124.5	131.0	-0.1	-
Stockmarket Bonus	105.3	110.8	+0.8	-
Global Market Bonus	98.5	103.7	+0.1	-
Property	494.2	520.2		-
London Life				
100 Temple St, Bristol BS1 6EA 0117-9847777				
Life Funds				
Equity		886.20	+1.20	-
Fixed Interest		405.50	+0.70	-
Property		408.80	+0.10	-
Deposit		291.80		-
Mixed		586.80	-0.30	-
Index Stock		205.70	-0.20	-
International		268.80	-0.50	-

	Selling Price	Buying Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
Provincial Hse, Bradford BD1 1NL 0274 737000				
Life Managed Fd	142.8	150.3	-0.1	-
Pension Managed Fd	154.5	162.4	-0.3	-
Life Deposit Fd	128.4	133.0	-	-
Pension Deposit Fd	140.2	147.6	-	-
NPI				
National Provident Hse, Tunbridge Wells 0892 515151				
Managed	477.2	502.3	-1.1	-
European	127.4	134.1	-0.3	-
UK Equity	590.7	621.7	-1.6	-
Overseas Eq	478.0	503.1	-1.2	-
American	393.4	414.1	-2.4	-
Far East	870.2	890.2	-0.8	-
Property	222.3	234.0		-
Fixed Int	370.4	389.8	-0.3	-
Indexed Gilt	234.2	230.0	-0.1	-
Deposit	216.2	227.5		-
With Profit	133.90	140.95	+0.02	-
With Profits Series II	102.65	108.06	+0.02	-
NPI Pensions Management Ltd				
Managed Fund	1800.0	1828.8	+14.1	-
Prices November 2 Next dealing December 1				
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				

Money Market Trust Funds

Money Market Bank Accounts

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's

Fidelity Money Funds

Lazard Freres Asset Management (CI) Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lloyds Intl Money Market Fund Ltd

Lloyds Bank Fund Managers (Guernsey) Ltd

Merrill Lynch Guernsey

Nikko Capital Mngt (Europa) Ltd

Quilter International Management Ltd

Singer & Friedlander Inv Funds Ltd

Swiss Life Investment Fund – Protos

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 4.2(a) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ф Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £123$\frac{13}{32}$

Corporation and County Stocks

Birmingham Corp 2½% Stk 1926(or after) - £26 (15No94)

Birmingham Corp 3½% Stk 1946(or after) - £35½ (15No94)

Birmingham District Council 11½% Red Stk 2012 - £117½

UK Public Boards

Foreign Stocks, Bonds, etc- (coupons payable in London)

Japan Development Bank 7% Gtd Bds 2000 (Br £ Var) - £92⅛

Japan Development Bank 7.5% Gtd Bds 1999 (Br$various) - $98.07 (15No94)

Kansai Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £95⅝

Kobe (City of) 9.5% Gtd Bds 2004(Br£Various) - £101½ (14No94)

Kyushu Electric Power Co Inc 8% Nts 1997 (Br £ Var) - £98¼

Land Securities PLC 9½% Bds 2007(Br£1000&10000) - £98$\frac{11}{32}$ (16No94)

Land Securities PLC 9⅜% Cnv Bds 2004 (Br£5000&50000) - £109¼ (16No94)

Lasmo PLC 9½% Nts 1999 (Br £ Var) - £98⅝ (11No94)

Lewis (John) PLC 10¼% Bds 2006(Br£1000&10000) - £105$\frac{3}{16}$

Lewis (John) PLC 10½% Bds 2014 (Br£10000&100000) - £107½

Lloyds Bank PLC 7⅞% Subord Bds 2004(Br£Various) - £96$\frac{3}{16}$

Lloyds Bank PLC 9⅝% Subord Bds 2023 (Br £ Var) - £98$\frac{3}{16}$ (15No94)

MEPC PLC 9⅞% Bds 2004(Br£1000&10000) - £99⅛

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Anglo-Eastern Plantations PLC 12½% Uns Ln Stk 95/99 - £100 (16No94)

Anglovaal Ld N Ord R0.0001 - £20⅞ $ 32¼

Armour Trust PLC 10½% Uns Ln Stk 91/96 - £98

Attwoods PLC ADR (5:1) - $9¼ .3746 (15No94)

Attwoods (Finance) NV 6½p Gtd Red Cnv Prf 5p - 91

Australian Agricultural Co Ld $A 0.50 - 486 (16No94)

Automated Security(Hldgs) PLC 6% Cnv Cum Red Prf £1 - 43.48 ½ 4 ¼ ½

Automotive Products PLC 9% Cum Prf £1 - 102 (16No94)

Miscellaneous Warrants

USM Appendix

Investment Trusts

Rule 4.2(a)

RULE 2.1 (a)(iv)

Bargains marked in securities (not falling within Rule 2.1 (a)(i)) where the principal market is outside the UK and Republic of Ireland.

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-SE Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-SE Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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LONDON STOCK EXCHANGE

MARKET REPORT

Equity market bolstered by corporate deals

By Steve Thompson

Another burst of corporate activity, plus renewed gains in gilts, helped to galvanise a London equity market showing signs of strain after a week of outperformance against US and European markets.

The day's big events were British Aerospace's launch of a £535m rights issue to help fund an increased offer for VSEL, the submarines maker and the sale by LVMH, the French luxury goods manufacturer, of a 4 per cent stake in Guinness. They captured the market's attention at the outset.

And UK fund managers refused to be panicked by a strong upward revision in domestic gross domestic product for the third quarter, which some analysts said increased the chances of an early move to higher interest rates in the UK to help stifle inflationary pressures.

The FT-SE 100 index closed a net 3.5 higher at 3,131.0, extending the rise on a highly successful week to one of 55.1, or 1.8 per cent. The second-liners once again underperformed the leaders, with the FT-SE Mid-250 index finally 1.0 off at 3,575.6; over the week the 250 index has risen 39.1, or 1.1 per cent.

Mr Rob Buckland, market strategist at NatWest Securities, said the UK market had overcome one hurdle in the Fed move to increase rates, but that he was yet to be convinced the Fed had done enough to convince markets. "The UK market wants to go up but the US bond market remains the key. Mr Roger Barker, equity strategist at UBS preached caution; "The budget could contain more dangers than positives for the market than it thinks," he said.

There was general satisfaction around the City's dealing desks with the recent sharp increase in turnover levels following the spate of special one-off deals. Turnover yesterday expanded to 750.8m shares, with double counting of LVMH's sale of a 4 per cent holding in Guinness accounting for 146m shares and another substantial series of bed and breakfast, or tax-related trades at the outset responsible for over 32m shares.

The 100 index began the session around 5 points easier and looking queasy after another uninspiring performance by Wall Street overnight; an initial bullish response by the Dow Jones Average and Treasury Bonds to Tuesday's 75 basis points increase in the Federal Funds rate, has given way to a mood of depression in the US with equities and bonds under persistent selling pressure.

But with institutions said to have been queueing up to buy the Guinness stock on offer – LVMH's move has been expected for many weeks – the market quickly gathered itself and moved into plus territory as soon as the placing, worth £329m, was completed. The deal was executed by UBS, the Swiss-owned stockbroker, via a bought deal which was said to have earned the broker just over £3m.

The timing, but not the content, of British Aerospace's increase bid for VSEL came as a surprise – dealers said any move was not expected until next week. GEC is now expected to return with a potentially knockout blow.

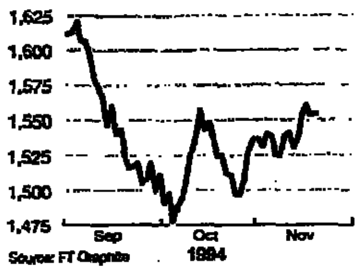
VSEL shares raced higher in anticipation of the gathering bid battle, but Aerospace suffered from the fund raising move.

For the rest of the session the market was content to mark time, shrugging off the poor opening by Wall Street, where the Dow Jones Average was down around 20 points shortly after trading commenced. Two hours after London closed the Dow Jones Average was showing a fall of more than 40 points.

Dealers in London were not overly worried by the losses across the rest of world markets: "As long as gilts are ok we should be fine," said a trader at one of the big European securities houses in London.

The head of trading at one of the UK securities houses said he expected a sell-off in the futures markets to attempt a sell-off on Monday.

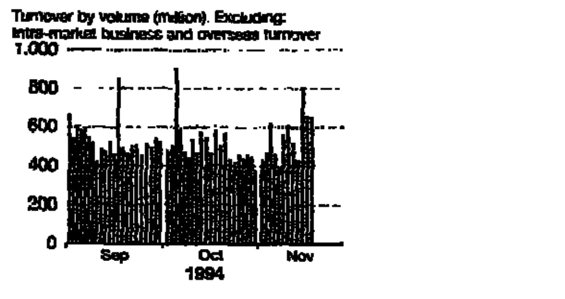
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE Mid 250	3575.6	-1.0
FT-SE-A 350	1570.0	+1.3
FT-SE-A All-Share	1554.22	+1.2
FT-SE-A All-Share yield	3.91	(3.92)
FT Ordinary index	2407.0	+0.3
FT-SE-A Non Fins p/e	18.79	(18.76)
FT-SE 100 Fut Dec	3140.0	+5.0
10 yr Gilt yield	8.60	(8.66)
Long gilt/equity yld ratio:	2.23	(2.23)

FT-SE 100 Index

Closing index for Nov 18	3131.0
Change over week	+55.1
Nov 17	3127.5
Nov 16	3146.5
Nov 15	3135.4
Nov 14	3095.3
High*	3168.1
Low*	3069.5

*Intra-day high and low for week

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
3i†	133	332					
ASDA Group†	7,400	65¼	-1	Lonrho	2,000	163½	+½
Abbey National†	1,500	419½		Lucas	2,700	209	-2
Albert Fisher	3,300	42	-½	MEPC†	1,100	403	-1
Allied Domecq†	1,900	595½	-1	MFI	596	140	-3
Anglian Water	439	505	-4½	Manweb	228	618	-10
Argos	720	351	-1	Marks & Spencer†	2,500	409½	-2½
Argyll Group†	1,800	271	-6	Midlands Elect.	78	778	-9
Arjo Wiggins†	1,100	[illegible]		Morrison (Wm.)	837	141	+2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. [illegible]

FT - SE Actuaries Share Indices — The UK Series

[illegible]
[illegible]

■ FT-SE Actuaries All-Share

[illegible]
[illegible]

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]
[illegible]

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures did little more than mark time in dull trading volume, making few attempts to lead the cash market, either up or down, writes Jeffrey Brown.

The FT-SE 100 December contract was 3140 when pit trading came to an end, up 4 points. On the week the December contract has risen a net 62 points.

Volume was again flat with 10,236 contracts traded, against 10,522. At the official 4:10 close, the premium to the cash market was 10 points or three points more than fair value.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3134.0	3140.0	+5.0	3149.0	3128.0	11239	54803
Mar	3152.0	3156.0	+4.5	3158.5	3152.0	1255	4767
Jun		3177.0	+4.0			0	145

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3592.0	3587.0	-8.0	3592.0	3592.0	28	4165

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3585.0	-	-	-	-	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3130) £10 per full index point

[illegible]
[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]
[illegible]

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

[illegible]
[illegible]

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday November 18 1994

[illegible]
[illegible]

Guinness active on placing

Turnover in spirits group Guinness jumped to a hefty 146m, probably a record but certainly the highest total for a single day's trading in the stock for 7 years, after French luxury products group LVMH carried out its long anticipated move to reduce its 24 per cent stake in Guinness by 4 per cent.

The sale carried out in the form of a bought deal was executed by UBS which placed 72m shares at 457p, at a 2.5 per cent discount to the market, with a variety of institutions. The placing was said to have taken around an hour and the securities house is believed to have taken a turn of 4¼p on the deal to earn around £3m. It was thought to be one of the biggest ever bought deals carried out by a single house.

This is the second time this month that UBS has executed a sizeable deal having placed 78m new shares in Forte two weeks earlier.

Shares in Guinness relinquished 2 to end at 466p, while a two way pull in hotels group Forte left the shares 1½ lighter at 234p.

BAe bid

The VSEL takeover saga, one of the stockmarket's most widely followed special situations, sprang to life with the submarine maker surging 77 to 1475p following a counter-bid from British Aerospace, which tumbled 19 to 446p on the move.

The market buzzed with speculation on a further round of bidding by GEC with best bets among analysts centring on a move upwards to 1500p cash. They also believed Sir Arnold Weinstock and his team would move soon - possibly before the December 7 deadline for a statement on VSEL from the Office of Fair Trading.

BAe's new offer, 3.3 shares per VSEL share, puts a value of just under 1472p on the deal. It has backed this with a cash alternative that matches the existing 1400p a share cash offer from GEC. Vosper Thorneycroft got caught up in the bid fever, jumping 12 to 754p.

More than 8m shares in BAe changed hands but none of the other protagonists was heavily traded. GEC improved 2¼p to 288p in 3.2m turnover. Turnover in VSEL was just 1.7m.

The first part of BAe's two-tier £535m rights issue to finance the deal is priced at 390p, a comfortable 11 per cent discount to market levels and right in line with the price set for BAe's last cash-call three years ago.

BP restrained

Oil major BP was restrained by news that the company had agreed to pay $1.4bn to settle a dispute over oil and gas production and income taxes allegedly owed to the state of Alaska.

Analysts said that after the payment was offset against US Federal tax it would come down to around $900m which would be paid over three years. The $300m a year bill has been allowed for and BP said it would not affect earnings. However, it is likely to have an impact on gearing and US dealers were offering BP stock as soon as the news broke. In the UK, the shares dipped 1¼ to 425¼p on turnover of 6.1m.

Rival Shell Transport held steady at 707p ahead of a presentation to analysts and institutional investors in New York. The annual update is to be repeated in London on Monday.

Pharmaceuticals group Glaxo slipped 2½ to 612½p as the company said at its annual meeting sales growth was weak and also disappointed those who though it might spend some of its £2.2bn cash pile on shareholders.

The company said that the declining growth was a reflection of a weaker dollar but there was some concern that it might have had a more fundamental base. There had also been some speculation - fuelled by a news-wire report yesterday - that Glaxo might either announce a share buy-back or special dividend payment. However Sir Paul Girolami, the outgoing chairman, said there were no plans for a buy-back which could cause problems with advanced corporation tax.

Wellcome gained 3 to 663p ahead of a big conference on Aids in Glasgow. The company has an Aids treatment known as Retrovir which has come in for serious criticism.

Redland gained 8 to 487p in modest 1.4m turnover for a two-day improvement of 12 as attention focused on the building materials group's high foreign currency earnings.

With turnover inflated to 11m by a number of bed and breakfast, tax related deals, housebuilder Beazer gained a penny to 136p.

A NatWest Securities recommendation earlier this week pushed United Biscuits up 11 to 329p, in good trade of 3.2m.

Fans of Associated British Foods celebrated this week's EU decision to make no change to production quotas for sugar. Its British Sugar subsidiary has around 50 per cent of the UK sugar market and there had been fears of a less favourable quota regime. The stock jumped 17 to 574p.

Recent bid speculation in Hazlewood Foods appeared to fade leaving the shares 4 lighter at 120p. Sellers were also in evidence at Unigate which reported good figures earlier this week. The shares eased 5 to 357p.

In the drinks sector, Greenalls advanced 12 to 430p, after Hoare Govett reiterated its buy recommendation. The broker cited the improved terms of the company's supply agreement with Whitbread among the reasons for its positive stance. Whitbread, which reported interims on Thursday ended the session unchanged at 551p.

Mobile communications group Vodafone, which earlier this week was within 3½ of its 221p high for the year, shed a further 6 to 208p in 3.6m turnover as bullish stories about next Tuesday's interim results showed signs of turning sour. Robert Fleming Securities issued a sell note.

Press reports that the four biggest Austrian banks were preparing to provide against Eurotunnel debt in their 1994 accounts left the channel tunnel operator 4 lower at 259p.

Media conglomerate Pearson shed 8 to 616p as NatWest Securities held presentations to discuss a bearish thesis on the valuation of BSkyB, the satellite group which is to be floated and in which Pearson has a significant stake.

Publisher Emap eased 4 to 400p ahead of interim figures on Monday.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (40).

GILTS (1) BANKS (1) Banco Bilbao Vizcaya, BREWERIES (1) Regent Inns, BUILDING & CNSTRN (1) Vibroplant, DISTRIBUTORS (3) McCleery, Triost, Wilshaw, ELECTRNC & ELECT EQUIP (3) Hewlett-Packard, Magnum Power, Motorola, ENGINEERING (4) Baynes (C), Lincat, Renold, VSEL, Consortium, ENG. VEHICLES (1) Honda, EXTRACTIVE INDS (4) Anglo American, Angiovaal, Gwalia Cons., Impala Platinum, INVESTMENT TRUSTS (2) INVESTMENT COMPANIES (1) MEDIA (1) Metal Bulletin, OIL EXPLORATION & PROD (2) Cairn Energy, Crusader, OTHER FINANCIAL (2) Edinburgh Fund Mngrs., Jupiter Tyndall, OTHER SERVS & BUSNS (4) Anglo-East Plants., Filofax, Greenway, Rowe Evans, PRTNG, PAPER & PACKG (1) Suppl, PROPERTY (2) Dunloe House, Green (E) & Part., SUPPORT SERVS (1) Business Post, WATER (1) South Staffs, AMERICANS (3) Abbott Laboratories, Amer. Cyanamid, Data General, SOUTH AFRICANS (1) Tongaat-Hulett.

NEW LOWS (42).

BUILDING & CNSTRN (4) Avonside, Countryside Props., Galliford, Regent, BLDG MATLS & MCHTS (2) Explaura, Latham (J), CHEMICALS (1) Metrotect Inds., DISTRIBUTORS (1) Hamlet, ELECTRNC & ELECT EQUIP (1) Pressac, ENGINEERING (4) British Aero. 7¾p Prf., GBE Intl., Hampson 6½p Prf. 91/03, Molins, EXTRACTIVE INDS (1) Emperor Mines, FOOD MANUF (1) Banks (Sidney C), HEALTH CARE (1) Associated Nursing Servs., INVESTMENT TRUSTS (3) LEISURE & HOTELS (1) Prism, MEDIA (1) WMGO, OIL EXPLORATION & PROD (1) Command Petroleum, PRTNG, PAPER & PACKG (1) Benrose, PROPERTY (6) Chesterfield, Chesterton Intl., Derwent Valley, MEPC, Mountview Ests., Olives, RETAILERS, FOOD (1) Appleby Westward, RETAILERS, GENERAL (3) Flying Flowers, Partridge Fine Arts, Signet, SPIRITS, WINES & CIDERS (1) Merrydown, SUPPORT SERVS (2) Pegasus, Warner Howard, TEXTILES & APPAREL (1) Beird (W), AMERICANS (3) BankAmerica, Bankers NY, Dana, CANADIANS (2) BC Gas, Derton Inds.

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises

Antofagasta	358	+ 10
Burndene Invs	44	+ 3
Caffyns	283	+ 28
Crown Eyeglass	190	+ 30
Filtronic	168	+ 11
Greenalls	433	+ 15
Magnum Power	134	+ 10
Regent Inns	299	+ 8
Servisair	155	+ 6
Telegraph	346	+ 9
Tomkins	224	+ 6
Transport Dev	225	+ 7
Utd Biscuits	329	+ 11
VSEL	1488	+ 90
Willis Corroon	155	+ 9

Falls

Brit Aerospace	446	– 19
Clinton Cards	96	– 5
Courtaulds Text	471	– 11
GBE Int	19	– 8
M & G Group	995	– 25
Seeboard	425	– 11
Standard Chartered	294	– 10
Vodafone	207½	– 6½

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[illegible]
[illegible]

LONDON SHARE SERVICE

BANKS

	Price	+ or −	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	£22½	−⅛	£25⅛	£19⅞	6,027	5.0	ϕ
ANZ A$	180	+5	278¼	171	2,395	5.4	26.8
Abbey National	419½	−½	523	380½	5,509	4.6	14.1
Allied Irish £	251	—	314	233	1,573	5.0	9.6
Anglo Irish I£	55	+1	*70	50	188.3	7.8	10.0
Asahi Y	663	−3½	819¼	628	15,369	0.7	ϕ
Banco Bil Viz Pta	£16⅜	+⅛	£16⅝	£14⅛	3,984	4.9	7.5
Banco Sant Pta	£27⅛	—	*£30½	£23¾	4,094	5.3	9.5
Bk Ireland I£	282	−1	*318	246	1,385	5.0	8.3
Bank Scotland	216xd	−1	247	172½	2,520	3.1	12.2
9¼pc Pf	108¼xd	−¼	141½	106	108.2	10.7	−
9¾pc Pf	113½xd	—	149½	111¼	113.5	10.7	−
Barclays	603	−1	648	487	9,828	3.5	18.6
Dai Ichi Kan Y	811	−⅛	£12⅞	£10⅛	34,316	0.5	−
Deutsche DM	£298¾	+2½	£344¼	£270⅝	14,749	2.2	−
Espirito Santo	£9¾	+⅜	*£13⅜	£7⅝	189.3	4.3	4.4
First Nat Fin	66	—	*80	60	111.4	2.8	−
6.3pc Cv Pf	72	—	*80	70	4.84	10.9	−
7pc Cv Pf	123	—	171	123	58.4	7.1	−
Fuji Bank Y	1281	−18½	1549¼	1152½	37,107	0.4	ϕ
HSBC HK	758½xd	+1½	1133	690	13,238	4.0	11.0
HSBC (75p Shs)	768½xd	+1½	1113	680	6,437	4.0	11.0
Lloyds	585	+5	600	519	7,717	4.8	11.7
Mitsubishi Y	£14⅝	—	£16⅜	£13⅜	41,380	0.4	ϕ
Mits Tst & Bk Y	854	−7	1182¼	687½	10,232	0.8	13.3
Mitsui Tst & Bk Y	651¾	+1¼	878	514	7,009	0.8	21.6
Nat Aust A$	510	+13	628¼	472	6,827	7.0	ϕ
NatWest	531½	+2½	622	421	9,094	4.8	9.9
Ottomane FFr	£21¼	—	£33	£21¼	108.2	6.6	ϕ
Ryl Bk Scotland	457	+8	528	377½	3,880	3.3	20.7
Sakura Y	£8⅞	—	£9¾	£8⅛	27,985	0.7	51.2
Sanwa Y	£12⅞	−⅛	£15⅝	£11⅞	36,795	0.5	−
Standard Chartd	294	−10	*389¼	223	2,831	2.7	10.1
7 3/8pc Prf	86¼	+½	108½	82¼	86.2	10.7	−
Sumitomo Y	£11⅞	−⅛	£16⅝	£10⅞	39,201	0.5	23.4
SumiTomo Tst Y	885	−3¾	1148½	825	10,139	0.7	ϕ
TSB	230½	+3	297	197	3,529	4.4	11.6
Tokai Y	£7⅞	—	£9	£6⅝	14,913	0.8	45.0
Toyo Tst & Bk Y	665	+1¼	852	586¼	5,148	0.8	56.8
Westpac A$	198	+¼	280	194	3,824	2.7	ϕ
Yasuda Tst Bk Y	504½	−6½	656	442	5,566	1.0	43.8

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

Approved by the Inland Revenue

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's
TVX Gold	♥	449p	-22¼	490¾p	338¼p	710.6	-
Toronto-Dom		9⅝		11⅝	9¼	2,828	4.0
Trans Can Pipe	♥	8⅛	-1/16	10⅛	7⅛	1,457	4.9

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32		£32	£13½	2,086	2.3	23.5
Barlow	♣	£5½	+⅛	£5⅞	£3⅞	1,041	1.9	ɸ
Gold Flds Prop R.		118xd		128	75	12.1	7.9	ɸ
MK Props.		98		98	85	3.94	12.3	-
SASOL	♥	594	+11	682	280	3,128	2.6	-
SA Brews	†	£15⅞	+⅛	£16⅞	£10	4,260	1.9	23.8
Tiger Oats		713		898	538	1,072	2.1	ɸ
Tongaat-Hulett	†h	725	+50	*725	358¾	680.8	2.0	21.0

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ɸ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- ǁ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
p Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FT Cityline

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FINANCIAL TIMES
Weekend November 19/November 20 1994

Unions condemn above-inflation pay increase as public sector faces squeeze

Plan to give ministers 4.7% rise

By James Blitz and Robert Taylor

The government was yesterday facing a fresh controversy after stating that it would propose a 4.7 per cent increase in salaries for ministers next year.

Amid clear indications that public sector workers face another squeeze on pay in the financial year 1995-6, the government said it would propose the increase in ministerial salaries to parliament next week to make up for an earlier freeze.

The pay increase for ministers, which is 2.3 percentage points above the current level of inflation, was immediately denounced as unfair by trade union leaders, coming at a time of public sector restraint.

Mr Alan Jinkinson, general secretary of Unison, the public sector union, accused the government of "sheer hypocrisy," adding: "It is unfair that the government should penalise 5m public sector workers with a permanent pay freeze and not lead by example with their pay awards."

Mr John Monks, the TUC's general secretary, also said that the pay increase would make the government's public sector pay bill freeze "even more unsustainable".

However, the government defended the increase for ministers, saying it would help their salaries to catch up. It also claimed that ministers and MPs would still be about £2,000 worse off than they would have been if old links with the civil service pay scale had been maintained.

The pay rise should mean that, effective from January 1, 1995, a Cabinet minister's salary will rise from £64,749 to £67,819 - an increase of £3,070.

Mr John Major's salary as prime minister should rise from £78,292 to £82,003, an increase of £3,711.

Mr Tony Newton, the leader of the Commons, will submit an order to parliament on Thursday about raising the pay levels, which also increases the income of the Opposition leader and Opposition whips in the Commons and Lords.

However, Mr Tony Blair, the Labour leader, said he would be rejecting the pay rise in a free Commons vote next week.

A spokeswoman for his office said: "Tony Blair will not accept the increase. He feels it is wrong to take up the increase at a time when millions of others are having no increase at all."

The Opposition could decide to exploit the issue, which comes after allegations of political sleaze and cash-for-questions, and a resignation following failure to disclose financial interests.

Fears over Bosnian rift with US

Continued from Page 1

Congress and may well move further towards open backing for the Bosnian Moslem war effort.

Mr Warren Christopher, the US secretary of state, has privately assured Mr Douglas Hurd, Britain's foreign secretary, that reports the US is already supplying arms and military intelligence to the Bosnian Moslems are incorrect. But British ministers are worried that the US administration might soon give covert military support.

US officials have refused to comment on whether they are already providing intelligence to the Bosnian government.

Russia, which along with Germany is also in the contact group, has already voiced its anger at the US move to withdraw its ships from the Nato fleet enforcing the embargo in the Adriatic.

In Washington yesterday European officials said that the rift was serious but not yet dramatic.

Tietmeyer warns against a rush to monetary union

By Andrew Fisher in Frankfurt and John Ridding in Paris

Mr Hans Tietmeyer, president of the Bundesbank, warned strongly yesterday against rushing towards European monetary union before a joint monetary policy had been worked out and full central banking independence achieved.

He was speaking the day after Mr Giovanni Ravasio, the European Commission's director-general for economic and monetary affairs, had held out the possibility of Emu as early as 1997. Mr Tietmeyer said: "I am convinced that monetary policy integration in Europe can only be the outcome of a lengthy process."

The struggle to devise the best monetary policy strategy and the right instruments to implement this "could prove to be even more difficult and time-consuming than the preparations for issuing banknotes and coins," he warned in a speech to a Frankfurt banking congress. He said satisfactory monetary results could not be obtained without proper independence for the future European central bank - it was indispensable to have "not only theoretical but also a far-reaching degree of actual independence".

The Maastricht Treaty does not call for central banking independence until stage three of Emu. However, Mr Tietmeyer said it was "crucial to enhance the independence of national central banks at an early stage."

The Bundesbank and the central banks of France and Spain are independent, while the Bank of England is subject to government control. Others are under varying degrees of government influence.

The European central bank's independence could not be achieved at short notice, he said. On monetary policy, he criticised suggestions that an all-European, or transnational, monetary target should be set now, in stage two of Emu. The technical and institutional pre-conditions did not yet exist for an early switch to a common monetary policy. Opinions on future policy also differed widely.

Mr Tietmeyer was speaking in the week of the first council meeting of the European Monetary Institute (EMI) at its new Frankfurt headquarters. One of its tasks is to recommend by the end of 1996 what type of inflation or money supply targets should be pursued by the future central bank to achieve price stability.

The EMI's goal is to produce a "turnkey" European central bank that could begin operating as soon as Emu receives the political go-ahead.

Mr Kenneth Clarke, the UK chancellor of the exchequer, yesterday supported the objective of European economic and monetary union, but said the timetable laid down by the Maastricht treaty for a single currency was invalid, while Mr John Major, the UK prime minister, claimed the question of a single currency did not arise at the moment.

BAe raises VSEL bid

Continued from Page 1

cash alternative. BAe said that £178m was the lowest fixed amount it could raise under such a scheme and denied suggestions that the structure of the deal was designed to strengthen its balance sheet even if the bid failed.

VSEL has a cash pile of almost £300m and some observers have described BAe's bid as a "disguised rights issue" to broaden its narrow asset base. BAe said at the higher offer VSEL would still enhance earnings by more than 10 per cent next year and would not lead to any dilution "for the foreseeable future".

VSEL's shares rose 90p to £14.88, about 16p above the value of BAe's 3.3 for 1 share offer. BAe's share price fell 19p to 446p while GEC's rose 2p to 287.5p.

Girolami defends £9m package

By Richard Wolffe

Sir Paul Girolami yesterday defended a £9.37m two-year package of salary, bonuses and pension contributions at his last annual meeting as chairman of Glaxo.

Sir Paul, who retired yesterday after 14 years at the helm of the pharmaceuticals company, was questioned by angry shareholders about his remuneration. The payments include £6.44m in pension fund contributions, of which £2.05m result from his retiring two years early.

Sir Paul, 68, countered his critics by arguing that the figure was an arbitrary calculation. "This so-called package consists of apples and oranges. It consists of salary over two years, but why not make it 10 or 20 years?

"It is not a package, and includes payments made to the pension fund and not to me. My pension is determined by my contract."

Since Sir Paul stepped into the chief executive's shoes in 1980, Glaxo's market capitalisation has increased more than 40-fold from £429m to £18.8bn.

He transformed the group from a diversified also-ran into Europe's largest prescription drugs company. In the year he took over the reins, the company posted pretax profits of just £66m. That compared with £1.84bn last year.

The £9.37m is equivalent to 34 hours of global sales of Zantac, the anti-ulcer drug which is the world's best-selling medicine. Sir Paul's marketing prowess is widely credited with the product's huge success.

At yesterday's meeting, Sir Paul also faced uncomfortable questions on Glaxo's £115m provision for losses on its bond portfolio in the year to June 30. The company warned it would incur a further £16m loss this year and has since liquidated its £1.7bn portfolio and reinvested the funds in bank deposits and gilts.

"We made a series of bad judgments. We got into the wrong bonds at the wrong time and we got into so-called derivatives without understanding what they meant," he said.

In a trading statement, Sir Paul confirmed Glaxo's sales growth had slowed in the first four months of the year, with the weak dollar contributing to the slowdown.

"However, I am pleased to tell you that our new generation of products continues to make a strong contribution to the group's results," he added.

Sir Paul, who worked at Glaxo for 29 years, is replaced by Sir Colin Corness, chairman of the building group Redland and the Nationwide Building Society.

THE LEX COLUMN

BAe blows its trombone

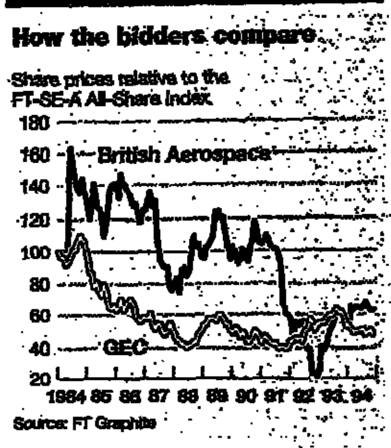
British Aerospace has a new toy: a "flexible trombone". That is the name for the rights issue the company unveiled yesterday as part of its improved bid for VSEL. It is called a flexible trombone because BAe will be able to use to it raise anything between £178m and £535m, with the exact amount depending on the extent to which VSEL shareholders opt for cash or BAe shares. Moreover, if BAe increased its offer again, it would be able to do so without going back to its underwriters for approval – though it would seek retrospective permission from shareholders.

BAe's management is clearly happy blowing its new trombone. It means it can make as much noise as GEC can, despite its rival bidder's huge cash pile. If GEC ups its bid, so can BAe. The trombone also means that, if BAe fails to win VSEL, it can still pocket the first £178m. That will come in handy, since BAe will soon need to restructure its loss-making turbo-prop business.

Whether BAe shareholders should be happy is another matter. Yesterday's improved offer is near the limit of what is sensible. Because BAe will be able to set its tax losses against VSEL's profits, earnings per share will be enhanced by about 10 per cent in the first year. But if the cost of buying the trombone is taken into account, the earnings enhancement will be virtually wiped out. Moreover, in subsequent years, acquiring VSEL would be roughly earnings neutral: the tax advantages would be balanced by the fact that VSEL is a wasting asset. Once the industrial benefits of a merger are taken into account, the bid probably just about stacks up. But if BAe seeks to use its trombone to make a bigger noise, shareholders should plug their ears.

FT-SE Index: 3131.0 (+3.5)

How the bidders compare



Source: FT Graphite

UK economy

The odds of another rise in UK interest rates before year-end to prevent the economy overheating shortened yesterday. The government revised upwards GDP growth for the second quarter to 1.3 per cent and reported growth in the third quarter of 1.1 per cent. That indicates the economy has been expanding at an annual rate of more than 4 per cent, compared with Treasury forecasts at the beginning of the year of 2.5 per cent. The last time the economy expanded that fast was in 1988.

Those arguing against an imminent interest rate rise point out that the UK economy is presently only 3.2 per cent bigger than at its peak in 1990, so there should still be plenty of capacity left. Besides, inflation remains subdued. On Wednesday, the government reported underlying inflation for the year to October at a 27-year low of 2 per cent. Although unemployment fell sharply, underlying earnings growth remained unchanged at 3.75 per cent.

Nevertheless, the gap between actual and potential output is closing. One worrying feature of the GDP figures was that investment fell slightly, meaning new capacity is not being created at the rate it should be at this stage in the economic cycle.

The markets yesterday took the GDP figures in their stride, suggesting they are reconciled to an interest rate increase sooner or later. The exact timing will depend on whether the Chancellor is willing to risk the ire of retailers by putting rates up before Christmas.

Inntrepreneur

For Grand Metropolitan, the refinancing of Inntrepreneur Estates (IEL) is good but not ideal. Good, because GrandMet is to be repaid a net £332m as a result of the tidying-up exercise and is set to shed day-to-day management responsibility for the 50 per cent-owned operation. Far from ideal, because GrandMet is not making a complete withdrawal from the pubs business. It still has £212m of equity tied up in IEL and may have to wait for three or four years before it can extract itself fully – probably by means of a flotation – from what is no longer a core business.

It is just possible that an exit route will present itself before then. Courage, the brewer which owns the other 50 per cent of IEL, is widely rumoured to be up for sale. The precise intentions of Foster's Brewing Group, Courage's parent, remain inscrutable but the IEL refinancing is a small pointer to a possible disposal. Courage's willingness, along with GrandMet, to inject £28m of fresh equity into IEL looks strange in the light of Foster's questionable commitment to the UK market: unless, that is, the investment helps sort out IEL's finances to the point where the whole operation would look more attractive to a buyer. Sentiment towards GrandMet, whose shares have underperformed by nearly 10 per cent in the past six months, would improve if it could remove the IEL millstone from around its neck sooner rather than later.

Insurance brokers

Shares in UK insurance brokers have performed woefully this year, down 20 per cent against the market. Continuing troubles at Lloyd's are but one factor depressing sentiment. Margins are under pressure from all sides. The weak US currency hurts, as a large proportion of revenue originates outside the UK and is denominated in dollars. The industry is also suffering tighter fee structures.

Brokers have compounded these problems through diversification – none more so than Willis Corroon, formed in 1990 when Willis Faber of the UK merged with Corroon & Black of the US. That folly was exposed earlier this year when Willis announced disastrous US results. It took until this week, however, for Willis' management to bite the bullet. Though details of the planned retrenchment programme were regrettably not spelt out, the £40m provision will wipe out the bulk of pre-tax profits for the current year.

But Willis plans a welcome return to basics. Once the restructuring is complete, the previous attractions of insurance broking may again become apparent. Capital employed is minimal and brokers have traditionally paid out virtually all distributable profits to shareholders. This came to a halt in 1992 when Sedgwick halved its dividend. But Willis' restructuring may presage an eventual sector-wide return to this desirable practice. Brokers are not on the verge of becoming growth stocks. But a higher distribution would limit the downside to investing in this maturing industry.

FT WEATHER GUIDE

Europe today

Unseasonably warm and moist air will slowly spread over the Benelux, Germany and France as a result of an intense storm near Iceland. There will be rain from southern Scandinavia across the Benelux and Germany to Switzerland and Austria.

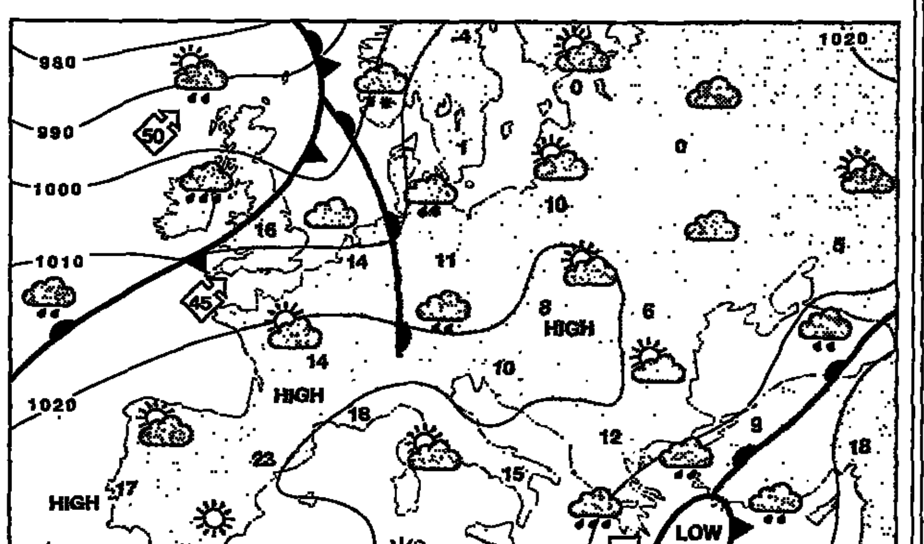
The British Isles will be warm too, but during the afternoon showers will accompany cooler air from the Atlantic. Eastern Europe will be generally cool and dry.

From Greece across Turkey to the Russian Caucasus there will be heavy rain and thunder showers with strong winds at the coasts.

Sunshine and higher temperatures will persist in the western Mediterranean.

Five-day forecast

Warm air will flow to central and eastern Europe during the weekend, causing a brief rise in temperature in most regions. Western Europe will have rain in the north followed by cooler air. Conditions over the eastern Mediterranean will remain windy and unsettled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	31
Accra	fair	33
Algiers	fair	22
Amsterdam	rain	16
Athens	thund	16
Atlanta	fair	23
B. Aires	sun	25
B.ham	shower	17
Bangkok	fair	35
Barcelona	fair	20
Beijing	fair	8
Belfast	shower	13
Belgrade	fair	6
Berlin	rain	6
Bermuda	cloudy	25
Bogota	fair	22
Bombay	fair	34
Brussels	rain	14
Budapest	cloudy	7
C.hagen	cloudy	6
Cairo	cloudy	25
Cape Town	fair	21
Caracas	sun	32
Cardiff	rain	15
Casablanca	sun	19
Chicago	fair	9
Cologne	rain	13
Dakar	fair	30
Dallas	thund	23
Delhi	sun	27
Dubai	fair	32
Dublin	shower	14
Dubrovnik	fair	15
Edinburgh	rain	14
Faro	sun	21
Frankfurt	rain	12
Geneva	fair	14
Gibraltar	sun	21
Glasgow	rain	13
Hamburg	rain	8
Helsinki	fair	-2
Hong Kong	fair	29
Honolulu	cloudy	31
Istanbul	thund	11
Jakarta	cloudy	33
Jersey	rain	17
Karachi	sun	33
Kuwait	cloudy	28
L. Angeles	sun	20
Las Palmas	fair	25
Lima	sun	25
Lisbon	sun	18
London	shower	17
Lux.bourg	rain	11
Lyon	fair	14
Madeira	fair	22
Madrid	sun	19
Majorca	fair	21
Malta	fair	20
Manchester	rain	16
Manila	fair	32
Melbourne	fair	32
Mexico City	fair	22
Miami	fair	27
Milan	fair	11
Montreal	sun	8
Moscow	cloudy	0
Munich	rain	8
Nairobi	fair	25
Naples	fair	17
Nassau	fair	28
New York	fair	17
Nice	fair	18
Nicosia	shower	20
Oslo	rain	0
Paris	cloudy	14
Perth	fair	24
Prague	cloudy	5
Rangoon	fair	34
Reykjavik	shower	3
Rio	cloudy	29
Rome	fair	18
S. Frsco	fair	15
Seoul	cloudy	11
Singapore	thund	29
Stockholm	fair	-1
Strasbourg	rain	13
Sydney	fair	24
Tangier	sun	21
Tel Aviv	fair	23
Tokyo	cloudy	17
Toronto	sun	11
Vancouver	rain	8
Venice	cloudy	11
Vienna	cloudy	6
Warsaw	fair	3
Washington	fair	18
Wellington	shower	13
Winnipeg	fair	-3
Zurich	shower	11

Weekend FT

Samson was tottering. As a senior *elder*, he was one of the men responsible for blessing the *community*, and the more honey beer he drank, the stronger his blessing was deemed *to be*. He had observed his duty with diligence. Gaunt as a scarecrow, with mad red *eyes*, he staggered into my hut, demanded for the third time that day to know who I was, announced that he was a polygamist and a blaspheming heathen and collapsed *on to my* bed. A few minutes later he sat up.

"This is the end for us and the end for everyone. The Maasai are finished." He fell back and immediately began to snore.

Samson was right on all counts. He is both a polygamist and a blaspheming heathen and, as such, is the last in his line. The ceremony over which he had just presided had, in effect, brought his own community to an end.

Throughout Maasailand, traditional life is ending so swiftly that, some researchers claim, Africa's most famous surviving nomads will be reduced *to little* more than tourist dancers within the next two years. The Maasai, who once made their living by driving their cattle great distances across the savannahs, are suffering a land privatisation so flawed and so fraudulent that it has brought *most of their 400,000 people* to the brink of destitution.

Their catastrophe began, as most African catastrophes begin, with good intentions. Running down lions and *killing* them with spears, fighting other tribes and other sections of their own tribe, stealing *cattle and* wives, refusing to till the ground, the Maasai, who had overrun half of what is now Kenya, were regarded by the first British officials as the antithesis of *all* they sought to implant.

The administrators believed that east Africa would not become a God-fearing and productive land until the Maasai were settled. At the beginning of this century they confined *them to just 10* per cent of the savannahs they once occupied, then set to work to change the way they lived. To the Maasai, the land was not theirs but God's. Elders would claim rights to use certain places, but there was no outright ownership. *The British saw this as a* prescription for disaster. They argued that if no-one owned the land, everyone would exploit it as heavily as he could. Only by making every herder responsible for his own patch could they prevent it from being *destroyed*.

The British left Kenya before they managed to settle the Maasai. But, though the tribe was no longer a threat to other peoples, the independent Kenyan government upheld the policy, reasoning that nomadism *was primitive and unproductive*. Recognising that the Maasai would not accept the outright privatisation of their lands it started, in 1968, with an intermediate stage, putting every community in charge of what it called a group ranch. A small committee *of elders* was selected to manage each one.

Wherever external appointments have been imposed on self-governing people, the newly powerful exploit their own communities, and the group ranch committees were not slow to discover that they could do just as they wished. They started to grab the best land for themselves, excluding the rest of the Maasai.

Soon the ordinary people realised that if they *too did not seize some* land, the greedy committee members would take the lot. The chaotic and inequitable division of the savannahs that began in this way is now approaching completion.

It is destroying everything that distinguished the Maasai as a people.

Over the last two years I have watched Samson's community falling apart. In Enkaroni, close to the *Kenyan border with Tanzania*, I followed the passing out ceremonies of the last warriors ever to be initiated. After six months of festivities, they were dancing in a huddle of red *ochre and beads when Samson sent* a man running towards them, carrying the horn of a kudu antelope. He brought it to his mouth and blew four loud blasts.

Screaming, the warriors scattered. Four or five lost consciousness and lay drumming their heels on the ground like the last spasms of the dead. They had, one of them later told me, been overcome with grief and anger. The sound, which tradi*tionally brought their youth to an* end, had also dissolved the community, *for* warriors are the axis of Maasai life.

But the fury that all the young men felt was unfocused: they told me they were not angry with anyone *in particular*, *simply* with the situation. This was scarcely surprising, as the men who had sold them down the river were some of the *elders* they had always been required to respect.

When the committee members had awarded themselves the best land, the other people of Enkaroni had complained to the government. They were *told that the only option was* to divide their ranch formally into inalienable private farms.

But when, in 1987, the subdivision began, the villagers found that the government recognised only the decisions of the committee members. *Instead of splitting the land equally*, these people took even more for themselves. One member bribed the others to let him have 4,000 acres; some ordinary Maasai received as *little as 10*, and hundreds were left out altogether.

Travelling around Enkaroni, it is not hard to discover where the committee members live. Red tiled ranch houses have sprung from the savannahs, with new Land Cruisers or *Mercedes parked beside them*.

Traditionally the richest Maasai would distribute some of their wealth to the poor, knowing that if, in this volatile environment, the tables were *turned*, they could depend on the same generosity themselves. But these Mercedes men, the *wabenzias* they are known in Kenya, no longer need *the old* support networks, and feel they owe nothing to anyone. The rich people *of Enkaroni are becoming perma*nently rich and the poor permanently poor.

The division of the land has forced the Maasai to split into hitherto *unknown nuclear families*. In a wind-stricken patch of thorn scrub Tepeney, the mother of one of the warriors, complained that no-one came to visit her. Before sub-division, people had arrived throughout the day, to exchange news, take a *cup of tea or ask for a loan. Now, she* told me, it was every family for itself, and she felt so lonely she sometimes believed she was the last person left on earth. Yet she is among the more fortunate smallholders for, seven years after the land was privatised, she still owns a dozen cows.

> Their catastrophe began, *as most* African catastrophes begin, with good intentions.

Nomadism evolved in east Africa because, during the dry seasons, the *customary pastures shrivel up, and* the animals can only survive by migrating to wetter places. Trapped on one plot, the cattle on many of the private farms of Enkaroni died soon after the rains moved on. Their owners had to sell up and look for work.

They were woefully unprepared. Most were illiterate and spoke only Maasai. The *wabenzi* needed little labour, so the dispossessed moved to the towns.

In *Kajiado, a small town 15 miles* from Enkaroni, I found a handful of Maasai who had used the money from the sale of their land to buy small businesses, and hundreds who had no idea what to do with it. Every bar was filled with men in red cloaks, with hoarse voices and shining eyes. Young men, deprived of their role as guardians of the livestock, wandered the streets at night, mugging people and breaking into *shops. Government ministers sent* lorries, ferrying them to political rallies to beat up their opponents.

When their money runs out, many of the Maasai of Kajiado move north, seeking work in Nairobi. They sink into slums like Kibera, where as many *people* live in *two square* miles as in all of Maasailand, and one in 40 has a formal job.

Looking back over the history of the Maasai, it appears that the Brit*ish administrators misunderstood* how they used their land. The lack of outright ownership did not mean that the savannahs were uncontrolled. Every group of elders regulated the areas they grazed: they decided who should be allowed in and for how long. If people abused the land they were punished, for the elders knew that anyone overexploiting it was exploiting them. Widespread destruction began only when the *Maasai were settled*.

That there will never be sufficient employment even for those already living in the cities is now axiomatic in Kenya. As the approaching completion of privatisation coincides with a population boom, the effects of destitution will be catastrophic. In 1994, for the first time in 30 years, Maasai herders starved to death in southern Kenya. Yet, as the Maasai wobble, the government continues to *shove. In a quiet grove of fever* trees beneath the Ngong Hills, I began to find out why.

I met "Amos" crouching between two trees. He told me he did not know whom he had offended, but every time he showed his face he was arrested on public order charges. He was one of 2,700 people in the community of Loodariak who *had been left off the registry* when the land was divided. Their places had been taken by 200 *outsiders*, registered as members of the community even though many of them had never set foot there.

The people of Loodariak had petitioned *officials at every level* of government, even waiting outside state house to waylay the president, but no one would listen. They pooled all

Continued on Page II

Adrian Arbib

The last warriors: betrayed defeated, dispossessed

George Monbiot investigates the destruction of the Maasai, their society and the land they roamed

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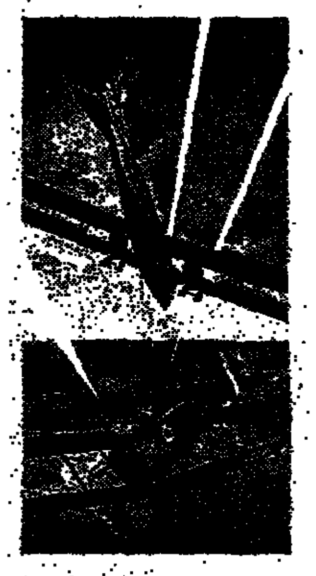
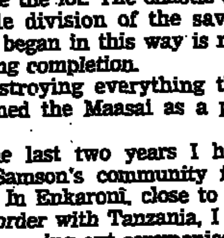


NEXT WEEK

Air travel: it's going to get worse



Joe Rogaly

Can Tories deal themselves a fifth ace?

Britain's two main parties are plotting the next hand of electoral poker. *Perhaps they have something up their sleeves …*

As a wise old *Conserva*tive owl remarked over dinner this week, four aces will be played at the next general election. Two are held by Labour. We know what they are without taking a peek. They have a popular leader, and most voters have had more than enough of the Tories. The two other killer cards are in John Major's hands. His government will cut taxes, and fly the Eurosceptical flag.

That concludes your weekend executive summary of the current *condition* of British politics. It will need changing if Tony Blair loses his magnetism, as wise-owl thought the Labour leader was beginning to do in the debate on the Queen's speech on Wednesday. We will have to *think again* if the Conservative coalition really does break up over Europe, as opposed to merely threatening such a disaster. Apart from that no other aces can be found in either hand. None. Zilch.

Mr Major may remain prime minister, but he is not likely to regain the full measure of authority associated with the office. Grandstand plays such as his threat to dissolve parliament if a particular European finance bill is lost demonstrate weakness, not strength. One fine day Mr Blair may produce a few policies, and thus become vulnerable to attack, but he has so far shown no sign of hazarding anything quite so foolhardy. Like the prime minister, he is busy *doing nothing*.

In short, the outcome of a contest that does not need to be held until the late spring of 1997 is unpredictable. We can see no further than two Labour aces against a pair of Tory aces. Hold on. Poker in any variation is rarely less than a five-card game. What about the "feelgood factor?" Surely that is a high court card, a king indeed?

Possibly. If people are fat and happy, secure in their jobs and confident that their economic circumstances will *improve they might stick with* the government. Yes yes. If you believe that two more years of steady growth combined with low inflation will turn this traditional indicator Tory-wards, go ahead and factor it in to your calculations.

Before doing so, consider a *rather different equation*, the feelTory factor. This is nothing to do with allegations of improper behaviour. It is more serious than that. Let me explain. Those of us who inhabit the fringes of politics sometimes find themselves in a roomful *of Conservatives. On* other occasions everyone standing around is, if not socialist, at least a non-Tory. The two experiences are distinct, unmistakably different. It is not only a matter of clothes, accents, champagne, or commonplace manifesta*tions of wealth or* lack *of* it, but of what is said, and the manner of saying it.

Conservative chambers contain laughter, politically incorrect phrases that can offend, hints of harshness and cruelty. Labour salons can be serious to the point of dullness, marked by *ethnically sensitive* use of language, expressive of concern for this or that unfortunate group, sometimes tinged with collectivist menace. The Tories are usually more fun. The tribunes of the people are often nicer.

Evidence published this week suggests that many voters feel culturally comfortable among Tories, in spite of their apparent distaste for the government. The numbers are to be found in the 11th British *Social* Attitudes survey, published by Dartmouth on Thursday. This is a collation of answers to annual questionnaires sent to a random sample of some 3,600 people. Many of the results are unsurprising, indicating that voters want social services (paid for by other people's taxes?), public transport (but cars for themselves) and so on.

The chapter that grabbed my attention is about the "authoritarian personality," a concept invented in Berkeley, California soon after the second world war. We need not detain ourselves with the his*torical implications of that*. What concerns us today is the set of responses to the 1993 survey. These indicate a general bias against libertarianism *and* a rejection of values associated with the 1970s left.

Asked whether schools should teach children to obey authority, 88 per cent say yes. Censorship of films and magazines is supported by 65 per cent. Homosexual relationships are disapproved of by 64 per cent. Capital punishment is thought right by 65 per cent.

By boiling down the answers to all 15 relevant questions *Daphne Arendt and Ken* Young, the authors of this chapter, create a neat index of hard-nosed attitudes. They conclude that 40 per cent of respondents have a "most" authoritarian world-view, with 12 per cent "least" and the rest *in the middle*. This is an improvement on 1989, when 50 per cent were placed in the "most" category. As you would guess, younger and better-educated people are more liberal-minded than their older or *less-schooled fellow-citizens*.

The key correlation might also have been anticipated, but it is nevertheless stunning. Of respondents who identify themselves with the Labour party, some 30 per cent are marked with a "most authoritarian" outlook. The equivalent figure for *self-identified* Conservatives is 52 per cent. *Chew over* that for a moment. It is an uncannily good fit with the ambience at Conservative party conferences. It is the measure of the feelTory factor.

I suspect that Mr Blair understands this concept. He has positioned himself, and possibly his party, against laxity in schools and in favour of families run by two parents, one of each sex. He is famously tough on crime. Has he got it right? The Arendt-Young account suggests a soft*ening of British* attitudes in several important areas, notably welfare benefits. Others who favour traditional attitudes long for order and security. Some accept that neither can be guaranteed.

The prime minister comprehends the feelTory factor, but he overdid it with "back to basics". There is time to get it right. *The party that aligns* itself with the values of the 1990s will hold three aces.

MINDING YOUR OWN BUSINESS / PERSPECTIVES

Down on the farm: Joe and Rachel Roskilly with their children, Jacob, Bryn and Toby — David Brenchley

Ice-cream that binds the family

Clive Fewins visits a Cornish dairy farm where the children strayed but have come home

It is a bitter November evening and the westerlies are howling across the Lizard Peninsula from the Atlantic. In the warmth of their old stone farmhouse the Roskilly family's thoughts are turned to summer.

Halva – the Greek sesame seed-based confection – is the subject of the conversation. Would it make a good ice-cream flavour? Rachel Roskilly thinks it would. Together with sons Jacob, 31, Toby, 25, and daughter Bryn, 29, she had been experimenting with halva, honey, nuts and their own milk and cream for much of the day.

"It's a bit way out but its worth a shot next summer," pronounces Roskilly, 59. No-one disagrees. Next summer halva ice-cream will be added to the 33 flavours that the family produces.

Father Joe Roskilly, 63, sits at the end of the table in his farmer's overalls. He is silent, but under his shock of grizzled grey hair he is attentive.

The cows that are the base of the family business are his main activity. There are 90 prime milkers. A further 60 calves, yearlings and heifers complete the herd.

He has been producing milk on the farm, 10 miles from Britain's most southerly point, since he came there to work for his god-mother Esme Bulkeley at 17. When she retired in 1959 she gave Joe the 40-acre farm.

Joe married Rachel in 1960. He has added 90 acres to the farm but not strayed far from the Lizard. "This year I have not been out of Cornwall. There has just been too much to do," he said. "Rachel and I last had a holiday when Toby was four."

Hard work and money have not always gone hand in hand at Tregellast Barton farm. Ten years ago Rachel and Joe were turning over barely £50,000 – less than a fifth of what they turn over now.

"Although we had been making clotted cream since we married and doing holiday lets in the outbuildings for 32 years, we realised that if the farm was ever to support three grown-up children plus their possible families we had to make it a lot more profitable," Joe said.

They looked at ways of making more money from their milk, and also from their Jersey cream, which had a good local reputation. Ice cream seemed the best prospect.

"We ruled out ice cream in 1984 because small-scale equipment was not available at the right price," Joe said. "But three years later, when we were looking for a small pasteuriser with which to make whipping cream, we realised that things had changed.

"Rachel and I invested £5,000 in a pasteuriser and a deep freeze, convinced that making ice cream would help retain the childrens' interest in the farm."

At that time Jacob was back on the farm, having been to agricultural college, Toby was doing his A-levels, and Bryn was an art student in London.

Jacob, whom the others regard as their "business brain", was seized by the opportunity to sell what he saw as a profitable by-product of the milk. Rachel, who provides huge breakfasts and lunches for the family, three full-time and many part-time helpers, relished the prospect of developing a variety of unusual natural flavours.

Producing and naming such delights as Crabbers Nip, Hokey Pokey, Lovers Delight, and the Bees Knees appealed to the whole family.

Two years ago Bryn, who had gained an MA at the Royal College of Art, was tempted back to the farm by the prospect of her own stained glass studio. Toby returned this year from a furniture-making course in High Wycombe to set up a workshop.

Jacob's responsibilities include the family's ice cream shop in Falmouth, plus all the production and distribution to shops, hotels and other outlets all over Cornwall.

Last summer (1994) the family opened The Croust House, a 50-seater restaurant serving coffee, cream teas, salads and other light lunches, as well as all the ice creams and Rachel's home-made bread, scones, cakes and jams. It also sells clotted cream, the Roskilly's fudges, mustards, chutneys and furniture polish based on the wax provided by Rachel's bees as does the farm shop at the other end of the yard.

"The Croust House is very labour-intensive and it is too early to say how it is doing financially," Joe said. "But the conversion cost us very little as we did most of the work of converting the former calf pens ourselves."

Toby, who plans to run the Croust House as part of his furniture making business, made all the tables and chairs, while Bryn made the startling stained glass windows.

"Developing the Croust House has been possible only because two years ago we invested £80,000 in a completely new computerised dairy unit, which freed a lot of our traditional buildings for other uses," Joe said. "To do the work we needed no additional loan to supplement our £24,000 working overdraft. We realised the new unit would free buildings so that the family could return here to pursue their own interests if they wished. That in turn was only possible because of our decision seven years ago to go into ice cream in a relatively big way."

The next project is a showroom for Toby's furniture in the former bullpen. Again members of the family are doing most of the work.

"By the time that project is complete we shall have completed the picture as I see it," Joe said. "But we could not have done it and be making the profits we achieve without that crucial decision seven years ago to go into ice cream. Together with the associated food lines it accounts for more than 50 per cent of our total current turnover of nearly £300,000.

"Although the dairy herd is the key to everything we do, I have always felt that diversification makes farming more interesting and more fun than it used to be. The younger generation can get bored by the routine of farming. Diversification can help retain their interest when otherwise they might have been tempted away from the countryside."

■ *J.B. and G.R. Roskilly, Tregellast Barton, St Keverne, Helston, Cornwall TR12 6NX. Tel: 0326 280479.*

The last Maasai

Continued from page I

their money and hired a lawyer, but the high court refused to hear their case. Now, Amos told me, they were left with just one option.

"Let these people come. Let them come and say 'this is our land.' We are ready for them. We are going to kill people here."

Failure of the authorities even to acknowledge what was happening began to make sense when, with the help of certain inducements, I was able to extract the lands registry from a dusty office in Kajiado.

Among the new owners of Loodariak's territory I found the associates of some of Kenya's most powerful people, including the maiden name of the wife of the Minister of Land, Darius Mbela.

Mysterious manifestations of his wife's name had already caused problems for Mbela. In 1991 he had almost been forced to resign when it was found on the neighbouring community's registry. Mbela had claimed that his wife bought the land, but lawyers uncovered memoranda he had signed naming people he wanted included on the list. I visited Mbela, now minister of water, in a weather-stained block in Nairobi.

He answered my general questions about privatisation with affability, but when I turned to the case of Loodariak he became strangely terse. He told me that his ministry was not responsible for the allocations, that he knew nothing about his wife's registration, and the situation of Loodariak was sub-judice and he did not wish to discuss it.

In Loodariak the new owners appear to be waiting for the price of their land to rise before selling it on, but in the Rift Valley in western Maasailand they have set to work to make it pay. Here the rainfall is just sufficient, in good years, to allow them to plant wheat. Beside the road from Nairobi to Narok I watched a tractor towing a plough through the grass sward. The savannah flowers, the many hundreds of grass species, rolled over to expose clean slabs of earth. For 20 miles I saw neither a house nor a human being, simply a sea of churned soil. Some of the *wabenzi* here had seized as much as 30,000 acres. The ordinary Maasai were each left with insufficient land to graze one cow. They could do nothing with these plots but lease them for a pittance to the people who had taken the rest.

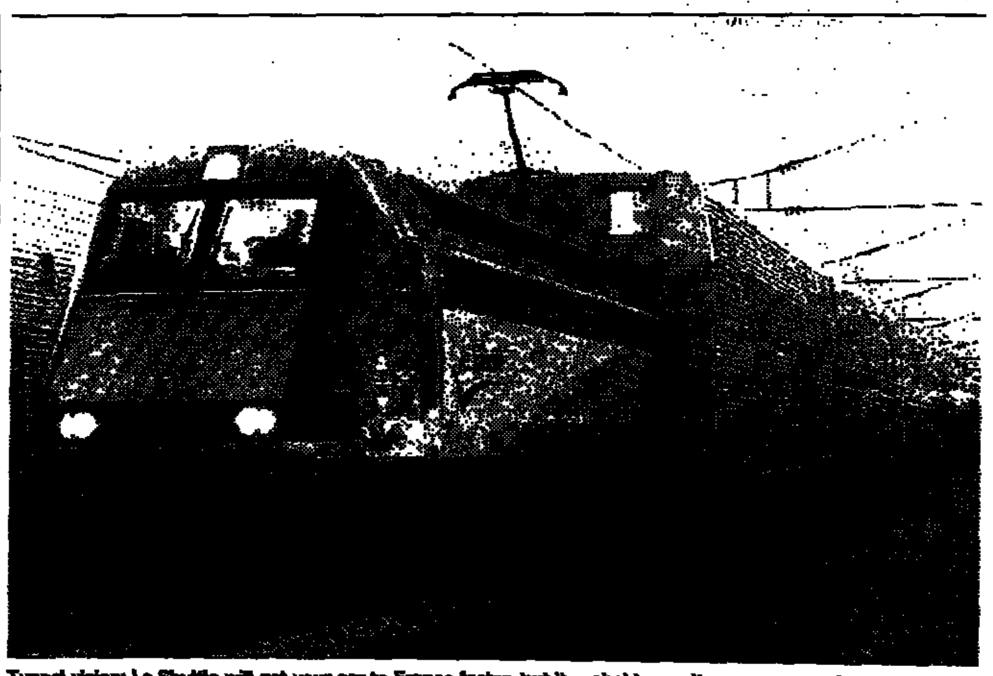
The soils here are shallow and fragile. After three or four years the farmers abandon them. Recovery, if it happens at all, will take 40 or 50 years. Scanning the bleak horizon, I wondered where all the people had gone. The answer came sooner and louder than I could have guessed.

Driving into Narok I saw a crowd leaning over the bridge, staring across the basin of the river. The houses below them appeared to have exploded. Cars were tangled in the branches of the bankside trees. A tree trunk transfixed two walls of a shop.

The storm the evening before had been no worse than many that fell on Narok, but soon after it broke the people heard a rumble in the surrounding hills, and a wall of filthy water roared into town. Everything in its path was swept away. Thirty-two bodies were found hanging from the branches of the trees or rammed into the riverbank.

The Maasai pushed out of their pastures by the wheat farms had nowhere to turn to but land too steep for the tractors to plough. With their livestock and the displaced wildlife they crowded into the hilltop forests, consuming the vegetation and compacting the soil. The rain had flashed off the indurated ground. It brought to the people of Narok a final roar of despair, as the nomads reached the end of their migrations.

■ *George Monbiot is the author of* No Man's Land: an investigative journey through Kenya and Tanzania.



Tunnel vision: Le Shuttle will get your car to France faster, but it probably won't save you any time — QA Photos

Over or under to France?

Stuart Marshall takes his car on Le Shuttle

Next time, will you take your car over or under to France? It all depends whether you regard the actual crossing as a pleasure to be enjoyed or an ordeal to be avoided.

Having at last made a trip with a car through the Channel Tunnel on Le Shuttle, I can vouch for its speed. The 34 minutes it took from drawing out of the English terminal near Folkestone to pulling up at the French one at Sangatte, near Calais, beats even the noisy and uncomfortable Hovercraft.

The fact that the brightly lit, double-deck car-carrying wagon is rushing along under 100 metres or so of water can be forgotten. Reality is suspended. The train is so quiet and smooth riding at up to 100 mph (160 kph) one is hardly aware that it is moving.

Will the forecast of just one hour between leaving the M20 motorway and joining the A26 autoroute be achieved by the average car driver? I reserve judgment.

Four trains per hour are promised at peak travel periods. A one-hour crossing will clearly be possible for motorists who drive into the terminal just in time to catch the next train. But not if they just miss it. And most certainly not if they arrive to find queues of cars waiting to cross. Conceivably, they might have to wait up to an hour to drive on board.

Upper and lower decks are loaded simultaneously. The first cars have to drive the full length of the train – well over 300 metres – but will, of course, be first off. The day I went, disembarking was a much slicker operation than loading. I would not like to find myself at the back of the train, parked behind a car that would not restart after the crossing.

During the journey you sit in your car, with windows and sun roof open, to catch frequent announcements in French and English. You can also hear them on your car radio. Apart from walking up and down the carriage, the only diversion is a visit to the lavatory – if you can find one. They appear not to be sign-posted.

After walking through so many power-operated airlock doors between the carriages that I lost count, and down the forward loading ramp, I found one up a spiral staircase. A notice in French said it was under repair.

Eurotunnel is a fantastic engineering achievement. The terminals – especially the colossal one on the French side – are like modern airports.

Will Le Shuttle – the vehicle-carrying train – be a commercial success? Provided it is priced to be competitive with the ferries, I can see it being a hit with motorists who live within 100 miles or so of Folkestone, are short of time, hate sea travel and bring their own sandwiches and coffee. Unless you suffer from acute claustrophobia, it must be a highly attractive alternative to the Hovercraft.

Travellers from further afield may find little point in using Le Shuttle. For them, the 75-90 minute Dover-Calais voyage by P&O or Stena Sealink superferry is the equivalent of a stop at a motorway service area. They can have a proper meal, buy their duty frees, have a nap or stretch their legs while they cross. Yes, of course, the actual crossing takes far longer than it does by Le Shuttle. But the time passengers save by not having to stop for a meal, buy their duty frees and so on will erode – even wipe out – the train's main advantage.

The Dover-Calais ferries have so improved check-in procedures that they offer what are almost "turn up and sail" crossings outside summer peak times. When the Monopolies and Mergers Commission allows P&O and Stena Sealink to pool their services – as it surely must next time they apply – the situation will improve further.

Motorists heading for Brittany, the Atlantic coast of France and northern Spain can spoil themselves by using my favourite, Brittany Ferries. A nine-hour day crossing from St Malo to Portsmouth a few weeks ago was more like a short cruise than a ferry trip. This immaculate and stylish ship has a shopping arcade, a hairdressing salon, a children's playground and a good-quality restaurant.

Cross-channel shopping – Page IX

PERSPECTIVES

Miners' dreams turn to dust

Nikki Tait visits Lightning Ridge where the supply of opals has dried up in the Australian drought

Mounds of baked earth, about 10 ft high, are crammed between the gum trees. It looks as if giant moles have burrowed through the bushland around Lightning Ridge, the Australian outback town which produces most of the world's black opal.

Bob Barrett, one of the 1,000-odd local miners, bumps his truck past a particularly mountainous cluster and summarises the situation succinctly: "About 200 truckloads of opal dirt there," he says. "No water, no wash, no work".

Australia's drought, one of the worst this century, is picking some surprising victims. Most attention has focused on the farming communities of New South Wales and Queensland, some of which are facing their fourth year of failed crops. Local newspapers have been filled with pictures of cracked earth and skeletal cattle. Ministers have shed their Canberra suits and toured the region. Hundreds of millions of dollars of federal aid have been promised.

But the miners of Lightning Ridge are a forgotten casualty. Their town, just south of the Queensland-NSW border, last saw rain nine months ago. Already, daytime temperatures are reaching 90°F (38°C), and what little water remains in the surface catchments is evaporating fast. This means that the giant cement mixers – called "agitators" or "agis" by the locals – which wash clay away from the lumps of precious opal are largely dormant.

The inability to process opal dirt has brought torpor to the mining fields themselves. In contrast to diamonds or gold, opal mining is still the province of the individual prospector. Miners – many of whom have Irish, Scandinavian, Serb or Croatian roots – simply turn up, peg a claim and start digging. No one is allowed more than two claims at once, and the maximum size that can be pegged is 50 metres square.

Technology has made few inroads. Because the gemstone occurs just below the earth's surface, the extraction process has changed relatively little since Charlie Nettleton sold the first parcel of black opal for £15 in 1903. Normal practice in the Lightning Ridge fields – where most of the opal occurs in random nodules, not seams – is to drill a 3ft diameter hole, perhaps 80ft deep. The miner then scoops out underground tunnels at its base, supporting his shafts with local pine trunks. The resultant dirt is vacuumed or winched to the surface for washing.

At the best of times opal-mining is a raw business. Its safety record is worse than that of the coal industry. Inadequate propping of underground shafts is the main cause of fatalities.

Moreover, while a successful find can bring in millions of dollars, most miners live in a state of perpetual optimism. Maxine O'Brien, who runs the Lightning Ridge Miners Association, reckons that about 40 per cent of the town's community is technically below the poverty line, subsisting from trailer homes or temporary structures on the pegged claims. ("Permanent" dwellings are not allowed).

> Opal mining is the province of the individual. Miners turn up, peg a claim and start digging

Another 40 per cent makes a "reasonable" living. Perhaps one-fifth gets rich.

Back in the pubs of Lightning Ridge, tales of Lady Luck's capriciousness abound. Bob Barrett, for example, recalls the day when a fellow miner picked up a chunk of opal dirt which was wedging the tyres of Barrett's truck. The other miner split open the lump. Inside was opal worth hundreds of thousands of dollars. Barrett, who did not get a cent, refuses to believe that the block came from dirt he had dug up and discarded.

But then, at least, things were happening. Today, the inability to process the opal dirt, coupled with a required weekly outlay of A\$500-A\$1,000 on diesel oil if a claim is being worked, means that many miners have simply shut up shop, leaving their stockpiles of dirt to await the rains. Only a few individuals, who know that they are working productive shafts, are paying vastly inflated rates to rent the limited agitator spaces attached to bore-fed dams. Production, estimates the LRMA, has fallen by about 60 per cent.

This idleness is doing nothing to improve the strained relationships between miners and farmers. The rural community tends to view the miners as a degenerate bunch, gambling on the chance of a quick buck. Miners, for their part, think the farmers are a selfish breed, pampered by politicians.

"The problem is not about water, it's about distribution," says Dino, a bearded bear of a man, mournfully surveying a muddy puddle which was once Smith's Dam.

The miners argue that they should be given more access to bore water, from the artesian basin, pointing out that annual opal production in Lightning Ridge is worth around A\$50m. The value of the wool from the adjacent shire is only A\$20m, they say.

Perhaps the biggest paradox is that this hiatus has not brought higher prices – at least, for miners. Australia produces about 90 per cent of the world's precious opals and Lightning Ridge is the main source of black opals. These are stones with deep background colours and iridescent flashes, whose individuality makes them the most highly prized by collectors.

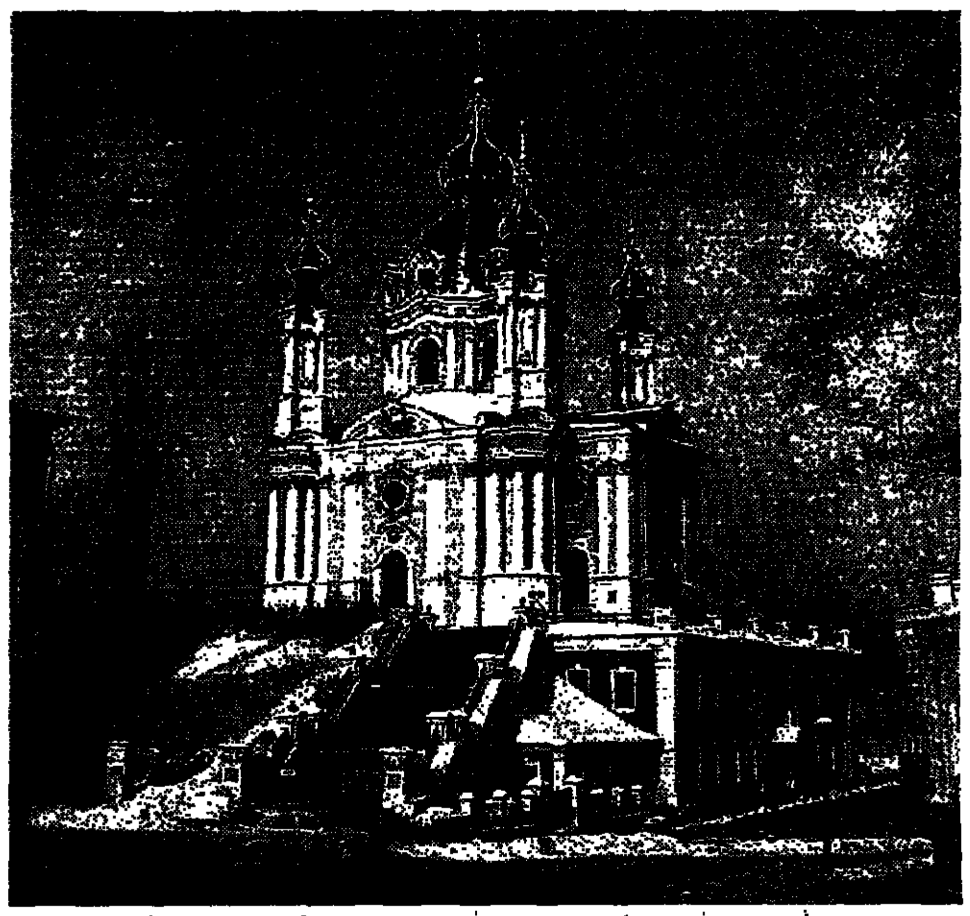
But marketing is crude. Miners sell their smaller stones to travelling middle-men, who rent rooms in the Lighting Ridge motels, posting buying signs above their doors. As the steady supply of stones has dried up, so have buyers' visits. Already, one auction house has seized the opportunity to arrange a sale in Hong Kong next year, hoping to persuade miners to part with some of their larger hoarded gems.

In Sydney, the story is different. Scores of opal "boutiques" jostle for the Japanese tourist trade. Sales opportunities provided by the drought are not being missed.

Last Sunday, in one of the classier outlets by the Harbour Bridge, a German gentleman was pondering a A\$8,000 gemstone. "Opals are getting very hard to replace – with the drought, we haven't got the water for polishing," urged the saleslady. Her information may have been inaccurate, but her psychology was spot-on. He paid another A\$1,000 for a larger stone.

The messy holy war that threatens to split Ukraine

Adultery, money and power divide the Orthodox church, writes Jill Barshay



Kiev: where the house of God is divided

Sunday is no day of rest for Mikhail Pyatnitsky. For the past several months on this day of worship, he has dashed about Kiev with his microcassette recorder, listening to sermons and interviewing parishioners, in a desperate quest for a suitable church.

"It's very confusing and I want to make the right choice," Pyatnitsky explained. Pyatnitsky is neither a religious fanatic nor on a personal odyssey to discover his faith. He describes himself as comfortably Ukrainian Orthodox, a branch of the Eastern Orthodox Church and the dominant faith in Ukraine.

But he has a lot to be confused about. Just to pray at Christmas, the average Ukrainian is forced to choose between three similarly-named, but warring churches – the Ukrainian Orthodox Church, the Kiev Patriarchy of the Ukrainian Orthodox Church and the Autocephalous Ukrainian Orthodox Church.

Each claims to be the legitimate church and denounces the others as heretical pretenders.

The competition to win Ukrainian souls extends beyond scathing rhetoric. Violence flared when a nationalist paramilitary organisation tried to prevent the head of one church from entering his monastery. Monks claim they have been beaten up. Old women bar cathedral doors to high priests. Communities stage hunger strikes. Scandals have been exposed. Everyone, from New Jersey clerics to the Constantinople See, from Kiev officials and the Russian Patriarch, has taken sides.

Unlike neighbouring Poland and Russia, whose dominant churches serve to unify, the Ukrainian church schism is another reminder that so little binds together this fragile three-year old nation. Ukraine is split between Catholics and Eastern Orthodox, between Ukrainian and Russian speakers, and between its more nationalist west, which borders on Poland, and its Moscow-oriented east, part of the Russian empire for more than 300 years.

> The Ukrainian schism is a reminder that little binds together this fragile nation

The three churches encapsulate the deep internal divides between Russophiles, pragmatists and nationalists in Ukraine. Each group wants its world view to define the Ukrainian national identity. None wants to be left out.

The struggle also exhibits how Ukrainian-Russian tensions are alive in matters of spirit as well as in political disputes over the Black Sea Fleet, nuclear weapons and energy supplies.

Things were much simpler under the Tsarist empire, when there was one Russian Orthodox Church. Then dissidents, who wanted nothing to do with Soviets, established an independent church. This Autocephalous Ukrainian Church lived underground in Ukraine and practiced in Ukrainian communities abroad.

Ukraine's independence in 1991 ushered yet another split when former president Leonid Kravchuk encouraged the creation of an official Ukrainian church to mark his nation's break from Moscow and to bolster his new state.

Not everyone followed. Many priests and congregations continue to heed the Russian Patriarch, who refuses to recognise the independent Ukrainian Church. The independent church of dissidents and diaspora managed to unite with Kravchuk's rebels for a year until they broke off again last September in a priestly squabble.

The Moscow followers still use the Old Church Slavonic language and genuflect to the Russian Patriarch, whereas the other two churches conduct their services in Ukrainian and make no references to Moscow. Otherwise little distinguishes the practices of the three churches. White-bearded high priests don similar black robes. Icons and pungent incense fill their churches. The same ancient hymns are chanted and the same theology is taught in their seminaries.

"I go to St Sophia's because no one makes a comment about my wife not wearing a head scarf," said Sergei Olyokhin, a 36-year old businessman, on his way out of Kiev's main onion-domed cathedral. Olyokhin prefers the relaxed atmosphere and blinking Christmas lights of the new independent Ukrainian church, where his wife, Larissa, sported skin-tight denims, dangly earrings and three-inch black pumps.

The Moscow branch's main church is crowded on Sundays with elderly women lighting candles by the dozen. All are in modest dress and head covering. Lidiya, a 62 year old woman, said the head of the independent Ukrainian church, Metropolitan Filaret, "doesn't have a religious bone in his body. There is no God in his church. It's just a building."

On the edge of Kiev's city limits is the humble church of Ukrainian nationalists. Valentina and Oleksandr Cheshkova travel three hours to worship at this white cossack house with raw wood and iconned interior. Why? "I was illegally christened by a repressed dissident," explained Valentina. "I tried one of Filaret's services once, but it didn't feel right."

Filaret is at the centre of the conflict. Many say he was close to the KGB in the old days of the Soviet Union. Ukrainian government officials confess that he is as active in politics as he is in piety.

In Soviet times, Filaret was the head of the Kremlin-controlled Russian Orthodox Church of the Ukrainian Republic, when church officials were "asked" to be informants and the brave observants were regularly dragged in for KGB interrogations. Filaret made the three-man short list for the Russian patriarch in 1990. He was not selected and when Ukraine declared independence in 1991, he suddenly transformed himself into a nationalist, realising his religious career lay with the independent state.

"We realised that an independent state needs an independent church," recalled Filaret in his ornate Kiev headquarters, where he once sat as a messenger of the Russian Patriarch. "Ukrainian sovereignty would be a farce if 20m believers were subordinate to Moscow.

"But Patriarch Alexei (of Moscow) would not have it. He launched a crusade to depose me and eventually had me defrocked," Filaret said.

Just as Ukraine's leaders and the controversial Filaret were desperate to escape Moscow's grasp, Moscow was loathe to lose Ukraine – the historical and spiritual core of the Russian Orthodox Church.

The two Slav nations had been one church for more than 1,000 years since Christianity took root in 988 at the famous baptism in Kiev's Dnieper river.

Sixty per cent of all churches of the Russian Orthodox faith were on Ukrainian territory. An equal share of the Russian Orthodox clergy was ethnically Ukrainian. Many were sent to Russia to run parishes. Ukraine boasts five seminaries to train priests. Russia has only two.

To seal the break from Moscow, Filaret made a career-saving but unlikely alliance with the Autocephalous Ukrainian church. Filaret had previously denounced this diaspora church.

With Kravchuk's blessing, he joined the dissident church and established Ukraine's first official and independent church in mid-1992. New Jersey diaspora leader, Mystislav, was elected Kiev Patriarch. Filaret became Bishop of Kiev, the second highest post.

> There were scuffles and protests. Old women took to the streets

The newly-appointed, highly-respected head of the Russo-based church was forced to seek refuge in the fortress-like Kiev Monastery of the Caves, a stunning gold-domed complex of ancient churches dating from the 11th century overlooking the Dnieper River.

Filaret grabbed the treasury, residence and St Sophia Cathedral for Kiev. There were scuffles and thousands of protesters, especially old women took to the streets.

Kravchuk ordered Ukrainian television to broadcast his church's services and ignore the pro-Russian church. But in spite of Ukrainian government support, only about 3,000 of Ukraine's 8,000 churches have gone over to the Kiev side. The others remain loyal to Moscow and maintain the Old Church Slavonic liturgy.

In Dnipropetrovsk, on Ukraine's eastern border with Russia, the two Kiev branch congregations have no church and have been conducting Sunday services in the open air.

Ukraine's independent church is not recognised by Constantinople (Istanbul), the Eastern Orthodox See, but the Kremlin one is.

Nikolai Zaboga, rector of the Moscow branch's theological academy, says he wants to re-unite with the Kiev church, but first "they must repent and confess their sins for breaking away from the Moscow church. Naughty daughters will never get a *tomos*" (the eastern orthodox grant of sovereignty).

Until then, "their blessings, marriages, christenings are useless and not recognised by the canon," he says.

Once the churches agree to unify, all sides say that Moscow might grant them independence, paving the way for international recognition of the Ukrainian church. For now the three leaders are unable to sit down at a negotiating table together.

And so on each Sunday, Ukrainians remain divided in prayer and Pyatnitsky wanders.

GARDENING / OUTDOORS

Not everything in the botanic garden is rosy

Roy Barnes compares two approaches to providing public access to open spaces

I left Britain a week after the Cambridge University Botanic Garden announced it would charge visitors on weekdays between March and October to help cover its £1,200 a day maintenance costs.

The charges – entrance remains free on Wednesdays and for school parties – were introduced on January 1 this year.

Shortly afterwards, I was walking through the high north-east section of New Zealand's Dunedin Botanic Garden, admiring the native plants and trees, and could not help thinking about the sad development in Cambridge.

Where I was walking, there is no perimeter fence, the public road leads directly into the garden before dropping downhill beside the native bush.

There is no attempt, and apparently no need, to keep the public out, day or night, and there are no charges to enter the grounds, the glasshouses, the aviary (containing endemic and Australian birds) or the car park.

Everything, apart from the excellent cheap food, hot and cold meals and snacks, served in delightful surroundings in the restaurant, is free.

Whereas in Britain most botanic gardens were established by private bodies or individuals with a primary purpose of botanical research and education and not as public parks, in New Zealand most botanic gardens are "public domains", set up for the "benefit and enjoyment of the community at large". They have a combined botanical, amenity and educational function.

The Dunedin Botanic Garden's budget of \$NZ1.1m (£450,000) is funded from local rates with some additional help from various commercial and voluntary bodies.

Like all local authorities in the UK, Cambridge city council is required to put the care and maintenance of its open spaces out to competitive tender. The council's horticultural officer merely monitors the work of the contractors.

And even if the local authority had the will, it clearly has neither the funds nor the expertise to supply a free botanical information service to the general public.

The Dunedin Botanic Garden also contracts out some of its work – grass-mowing, litter control, path maintenance and plant propagation and supply – but day-to-day control of the contracted staff's work is firmly in the hands of the garden's own managers.

In addition, the administrators are obliged to provide a unified service in which research, education and amenity go hand in hand, and this is an obligation that they willingly accept.

One has a strong impression all over New Zealand that everybody wishes to work for the common good. The land and its flora are the common heritage of all the people and they wish to preserve it.

This could be a result of their history and geography – only 3m people in a country the size of Great Britain – and a tradition so different from the UK's, where the use of public land for private ends has fostered a different view of things and where urbanisation has diluted familiarity with the countryside.

The contrast between the two countries can be illustrated by the amount of local involvement in the affairs of the Cambridge and Dunedin Botanic Gardens. Both gardens have their "Friends", who help with donations of cash, production of publications, and some gardening chores.

But outside help goes much further in Dunedin than in Cambridge: the Dunedin Bog Garden was established by the Friends; the aviary is financed by donations from the Trust Bank Otago Community Trust, the Dunedin Rotary Club and New Zealand Television; the Alpine House was rebuilt in 1986 with money supplied by the Dunedin Amenities Society; and the new Herb Garden was paid for and installed by the Otago Herb Society.

Every local specialist society helps with its speciality – the Dunedin Dahlia Circle with the herbaceous borders, the Dunedin Rhododendron Group with the marvellously extensive display of azaleas and rhododendrons. The new historical rose garden was laid out in 1988-89 under the guidance of the Dunedin Rose Society.

The Dunedin Botanic Garden manager says that when administrative costs, salaries and payment for contracted works are deducted from the \$NZ1.1m grant, the contribution of the voluntary societies becomes "significant and invaluable to the success of this Botanic Garden".

Cambridge University Botanic Garden does not contract out any work and, except for minor tasks such as seed gathering by Friends, everything is carried out by professionally qualified full-time staff or by sandwich-course trainees from horticultural colleges under professional supervision.

The superintendent has said that he does not see how amateur labour and expertise, of the kind and to the extent that it is used in Dunedin, could be incorporated into the work at Cambridge.

But sadly, even in Dunedin there are ominous creakings: the Dunedin Botanic Garden Management Plan contains the sentence: "The garden does not sit easily with its classification as a recreation reserve."

One senses that things may be changing not entirely for the better. Throughout the country there are signs of change: motorways are beginning to sneak out of the bigger towns; there is smog in Christchurch; and downtown supermarkets and hamburger bars are appearing everywhere.

The government is urging "modernisation", doubling the tourist trade very five years or so; in some areas the local population is outnumbered by visiting Japanese tourists and businessmen investing money and buying up hotels (in one case a whole university).

One worries for them and hopes that they will be able to maintain the old communal values that, for me, are wonderfully symbolised in the Dunedin Botanic Garden.

Everything in the garden is not rosy: the Cambridge Botanical Garden in winter, the public must pay to go in

John Glover

Fiat's Punto hatchback should be Car of the Year 1995

Motoring

And the winner is . .

The European Car of the Year contest jury is out. Five self-congratulatory advertising campaigns are being prepared. Four of them will have to be binned when the result is announced early next month. This is a contest with only one winner. The also-rans really do not count. There are just five names in the frame this time. Last year there were 15. This is not due to a dearth of new cars in 1994 but because the organisers of Car of the Year have changed the rules.

Until now, the jury of nearly 60 motoring journalists (no, not me, which is why I can say here who I think will win) has had to vote on every eligible car. Some embarrassment has been caused when one or two of the less desirable models failed to attract any votes at all. So, this year, the 19 original entries – or 22 if you count the Citroën, Fiat, Lancia and Peugeot badged versions of the joinly developed Fiat/PSA multi-purpose vehicle – have been whittled down to a short list of five. The 1995 Car of the Year will be chosen from the Audi A8, Renault Laguna, Fiat Punto, VW Polo and Vauxhall (Opel) Omega.

Among the exclusions are the BMW 7-Series, the first completely new Range Rover in 24 years and, of course, the Fiat/PSA multi-purpose vehicle, which I believe could turn out to be the most significant new model of 1994.

Which car will win? It depends on what impresses jury members most; large cars with advanced technology, small ones with fuel economy or medium-to-large ones offering top value for money.

If it is advanced technology, there can be no argument; it must be the Audi A8. This large and shapely saloon is made almost entirely from aluminium alloy and has either a 2.8-litre V6 with front wheel drive or a 4.2-litre V8 with quattro transmission and Tiptronic gear selection. (I have just spent a couple of weeks with both A8s. They combine clever new thinking with traditional luxury and are extraordinarily quiet).

The Punto and Polo are at the other extreme; small and inexpensive. Yet they provide fuel-efficient personal transport with the refinement and comfort of larger, dearer and thirstier cars. Punto is by far the best Fiat for years; Polo is really a scaled-down Golf. VW's build quality is renowned but the Punto is at least as well put together. Renault's front-wheel driven Laguna has to be compared with the Ford Mondeo (last year's winner) whereas the larger Vauxhall (Opel) Omega has rear wheel drive. It is similar in size and layout to the Ford Scorpio.

In Britain, at any rate, the Laguna is priced below most of its rivals though its equipment levels, comfort and performance are just as good. The Omega looks much nicer than Ford's curiously fish-eyed Scorpio. It may well pick up votes because the diesel version has BMW's superb six-cylinder turbo-intercooled engine (with automatic transmission option) while the diesel Scorpio is manual only and its engine is a beefy four-cylinder.

My money for Car of the Year 1995 would be on the Punto. It is a splendid car – and also it is years since Fiat won the contest.

I think the Audi A8 will be runner-up, if only because of its advanced aluminium technology. Not far behind will be the Renault Laguna, with the Polo fourth and Omega fifth. The contest will be close. Any of the short-listed cars is worthy of winning. In the end, it will depend what turns on individual members of the jury.

Stuart Marshall

Skiing

The pirates are boarding the slopes

Arnie Wilson sees the future of winter sport: it has a T-shirt and an attitude and rides a snurfer

I have seen the future, and it is snowboard shaped. Of 21 people in the queue for Lift 26, at Mammoth Mountain, California the other weekend, I was the lone skier. The other 20 were snowboarders, wearing T-shirts and sweatshirts with such messages as "Snowboarding Is Not A Crime" and "I Love Animals – They're Delicious."

I travelled up with one sporting a Red Baron board complete with Teutonic red crosses and imitation cannon shell holes. On the slopes, boarders outnumbered skiers by about 30 to 1. I felt like an interloper who had strayed by mistake into the wrong side of town. I felt even more goofy than a right-footed boarder.

It was the moment I knew was going to happen – but it came years earlier than I expected. Within a decade some people in the skiing industry predict that snowboarders will outnumber skiers, with 60 per cent boarders to 40 per cent skiers.

But perhaps one should not read too much into this particular Sunday – snowboarders traditionally come out to play early in winter, while skiers wait for better snow conditions. And with insufficient snow on Mammoth's new snow-board park, boarders were concentrated in part of the mountain usually dominated by skiers. But it was a glimpse of things to come. Snowboarding is said to be one of the fastest-growing sports in the west. Many resorts welcome the inevitable: others are still agonising over whether to bow to "progress" or ban them.

Tradition has it that snowboarding was invented in the early 70s by a Hawaiian "surfing freak" called Sherwin Popper. According to local legend, when the Californian summer came to an end he decided to keep going by building himself a surfboard designed for snow – a snurfer.

Twenty years later, in both north America and Europe, snowboarders represent fresh blood for a stagnating ski industry. But they are also alienating some of the more conservative skiers with their clothing, culture and configurations. The very arcs described by a snowboard are not in harmony with that of a ski. Collisions between skiers and boarders are inevitable, even when no one is to blame. But boarders are always looking for things to jump off, or get "air" from . . . skiers much less so.

One of the most disturbing things that snow-boarders tend to do is jump out of the trees like Exocets in a diagonal direction without looking before they leap. It is usually up to the skier to be constantly on watch to avoid a collision.

Skiers tend to be far more watchful than snow-boarders unless the boarders are ex-skiers. Because of their stance boarders tend to have "flounder vision", seeing only 90° of their field of vision compared with a skier's 180°. Boarders might benefit from wing-mirrors so that when they leap into skiers' path they can see them coming.

Most boarders who started out as skiers tend to be more considerate and aware of

> Snow-boarders jump out of the trees like Exocets, not looking before they leap

mountain safety and etiquette (or shrediquette as it is sometimes known to sneering boarders). But few boarders ever switch to skiing and rarely have the awareness skiers seem to have. Many have come straight from skateboarding or surfing, and have little sympathy with rules and regulations, even if they are designed for safety.

I have been knocked flying by snowboarders when I have been completely stationery, and I have experienced dozens of near misses. One of the saddest blemishes in snowboarding history happened two winters ago when a little girl on the nursery slopes in Val Thorens is in the French Alps was killed by one.

During the same winter, tempers flared between snowboarders and skiers at Copper Mountain, Colorado, when some boarders "buzzed" skiers, sometimes knocking them over and even threatened members of the ski patrol. The local sheriff had to be called in to defuse the situation.

Snowboarders are banned in some ski resorts, including Aspen, Colorado and five of the biggest resorts in Utah. Yet many skiers are switching to boarding - and not just in the 14-21 age group which dominates the sport.

Ken Hensler – a lifelong skier at Mammoth, California – volunteered to keep one of his 22 grandchildren company when she was in tears during her first boarding lesson.

"Michelle and I learned together," he says. "She was 13 and I was 60. I fell and fell and fell, cracked two or three ribs and hurt my hands and knees so much that I felt like quitting the first day. I was black and blue. So I started boarding with a beach towel wrapped around me under my outer clothing and made myself knee and hand protectors."

But after the first day or two of agony the learning curve for a snowboarder is much sharper than a skier's. Two years later, Hensler, the retired boss of a carpet manufacturing company, was out on his snowboard for 130 days. He has never touched his skis since. This winter he aims not to miss a single day on the mountain – and even plans to learn to jump.

His moment of glory was being accepted by other snowboarders. "When they saw me they said: 'Here comes the legend!' Then I discovered what they meant by a legend: anyone over 40 on a snowboard."

Although I rode a chair with Ken and accompanied him down the mountain a few times (I am uncertain whose reputation was most tarnished when we were seen together). I resisted his attempts to get me on to a board. Much as I would love to love snowboarders, they make me nervous. Perhaps in the next decade we will not have to confront them; they will dominate what used to be the ski slopes while skiers will be confined to special ski parks. Skiers like me will be threatened species. Perhaps we already are.

The other day an English snowboarder and I became entangled as we moved off from the top of the Beaver Run quad at Breckenridge. Both unbalanced, we grabbed each other for an impromptu waltz. It was probably the nearest I shall ever get to trying snowboarding for myself.

All on board: some predict that snow-boarders will soon outnumber skiers

John Pickington

FT Ski Expedition

A man-made winter

Arnie Wilson and Lucy Dicker are attempting to ski every day of 1994 on a round-the-world trip. They are now in the US on the last stage of their odyssey.

Watching winter take its grip on the Rockies is a slow and fascinating process. It is like watching blossom buds opening in spring. Right now one or two small petals are uncurling: in a weeks time, after Thanksgiving, the ski season will be in full bloom.

Winter is often reluctant to help, it is man and his artificial snow who curtail the blaze of glory that is the fall. Every year, ski resorts are desperate to tell the world they have opened on the earliest possible date – sometimes ridiculously early.

In its traditional battle to be first, Keystone pulled off a master-stroke to scupper Loveland, its local rival. When Loveland announced it would open at 9am on October 18, Keystone simply turned on the lights they normally use for floodlit skiing and opened at 6am, offering free coffee and doughnuts. Keystone's spokesman, Jim Felton gloated: "I hate to put it in those terms but they started it!" But is a resort really open when it has only one run or one lift operating? It would seem so.

It seems perverse that skiers frantic for winter to begin rush to ski a mile or so of man-made snow and yet completely ignore mountainfulls of snow and hundreds of trails in late spring.

We are currently marking time in Summit County, Colorado where we have had the luxury of choosing from half a dozen long trails in Keystone, Breckenridge and Copper Mountain, we have been able to monitor winters unfolding. One run (Born Free) open at Vail. One at Breckenridge (Columbia) eventually followed by a second (Bonanza). It is all about getting your one run open and then gradually, trying to get a second run open and possibly a third.

Not that we have lacked real snow: there have been quite a few falls, but, except for the storm which gave Mammoth Mountain 2ft in early October (and then melted) none has been sufficient.

Meanwhile the talk is still of summer activities – particularly Llamas. At a birthday party for a Forest Service executive, there was much discussion of Llama Lunch Hikes. You ride the gondola with your llama to the summit of Keystone Mountain and take a lunch and hike.

Said Boyd Mitchell, the mountain manager: "Getting a llama into a gondola is no more difficult than getting a horse into & horsebox" he said. "They enjoy it. You can tell, because they hum." Another guest, Marsha Colby chimed in: "No, when they hum it means they're stressed." Perhaps it is just as well that winter is on its way and the subject of llamas can be deferred.

PROPERTY / OUTDOORS

New rules for old houses

Gerald Cadogan assesses a fresh approach to England's historic environment

You may not have heard of PPG 15 but, if you own one of the 500,000 listed buildings in England, or live in one of the country's 8,000 conservation areas, you will ignore it at your peril.

In September, after many consultations and revisions to the draft version, the Department of the Environment and Department of National Heritage issued planning policy guidance note (PPG) number 15 on *Planning and the Historic Environment*. This policy statement will guide local authorities on managing listed buildings, conservation areas and historic landscapes. And that will affect everybody who lives in them or nearby.

PPGs are not law, but they carry weight, telling district councils and planning appeal inspectors what the important factors are in their decisions.

The key element in PPG 15 is a presumption in favour of preservation, welcome news for conservationists who had feared it would be lost in the revision. Anyone who wishes to alter or demolish a listed building of architectural or historical merit has to make a positive case to justify the proposal and obtain listed building consent. The same holds for buildings in conservation areas which may not be listed but are part of "the familiar and cherished local scene". This surprising language marks a seachange in official attitudes. Government is beginning to understand the intangible value of the environment.

Local authority development plans should include conservation, and examine how run-down historic areas can be revived by adapting old buildings; the canalside regeneration of central Manchester is a good example.

PPG 15 recommends tourism and leisure as new uses and insists that development must be sustainable.

"This is not spelt out enough," remarks Neil Findon, of the Council for the Protection of Rural England. The essence of the policy is not to sacrifice things that people will value in the future for short-term and often illusory gains. Councils are expected to cast a beadier eye over schemes that affect the setting of listed buildings, which may be adjacent unlisted buildings or high, bulky buildings some distance away that could "alter views of a historic skyline", says the policy statement.

It would be marvellous if this meant Oxford City Council would dismantle the – banal brown and gilt signs for pedestrians which diminish the city's handsome buildings and destroy the scale of its streetscape.

Listed building controls will be tougher. The rationale that "once lost, listed buildings cannot be replaced" now includes damage by unsuitable alteration as well as outright demolition. Indifferent minor works "can cumulatively be very destructive of a building's special interest".

Councils should be flexible about how they apply disabled access and fire regulations so as not to damage a building's historic character. Nor should they be overly strict, if they give a grant for damp proofing.

The requirement for conservation areas is that councils now identify important elements in each area – green verges, trees, buildings, street flooring, pillar boxes, lamps and other street furniture. This will make the case for designating new areas, and guide applicants and planners in keeping up existing ones. For councils in the shires, which may have as many as 50 conservation areas, it will be an expensive task.

Gap sites in conservation areas need imaginative, high quality buildings. If development proposals conflict with guidelines, there should be "a strong presumption against the grant of planning permission". And trees may not be cut down, lopped or topped, even if they do not have tree preservation orders, without council permission. (This usually happens by default. Give six weeks' notice of what you intend. If you hear nothing to stop you, then proceed.)

PPG 15 details the procedures for listing and issuing building preservation, urgent works and repairs notices. At the same time it reminds owners that there is no specific obligation to keep the buildings in good condition, "though normally it will be in their interests to do so."

It does not mention relief from VAT which, thanks to the negative attitude implicit in the law – contrasting with the positive approach of the PPG – is possible for works that have listed building consent, because they alter the character of the building, but not for the all-important regular clearing of gutters or other maintenance. It explains also how to have a building de-listed.

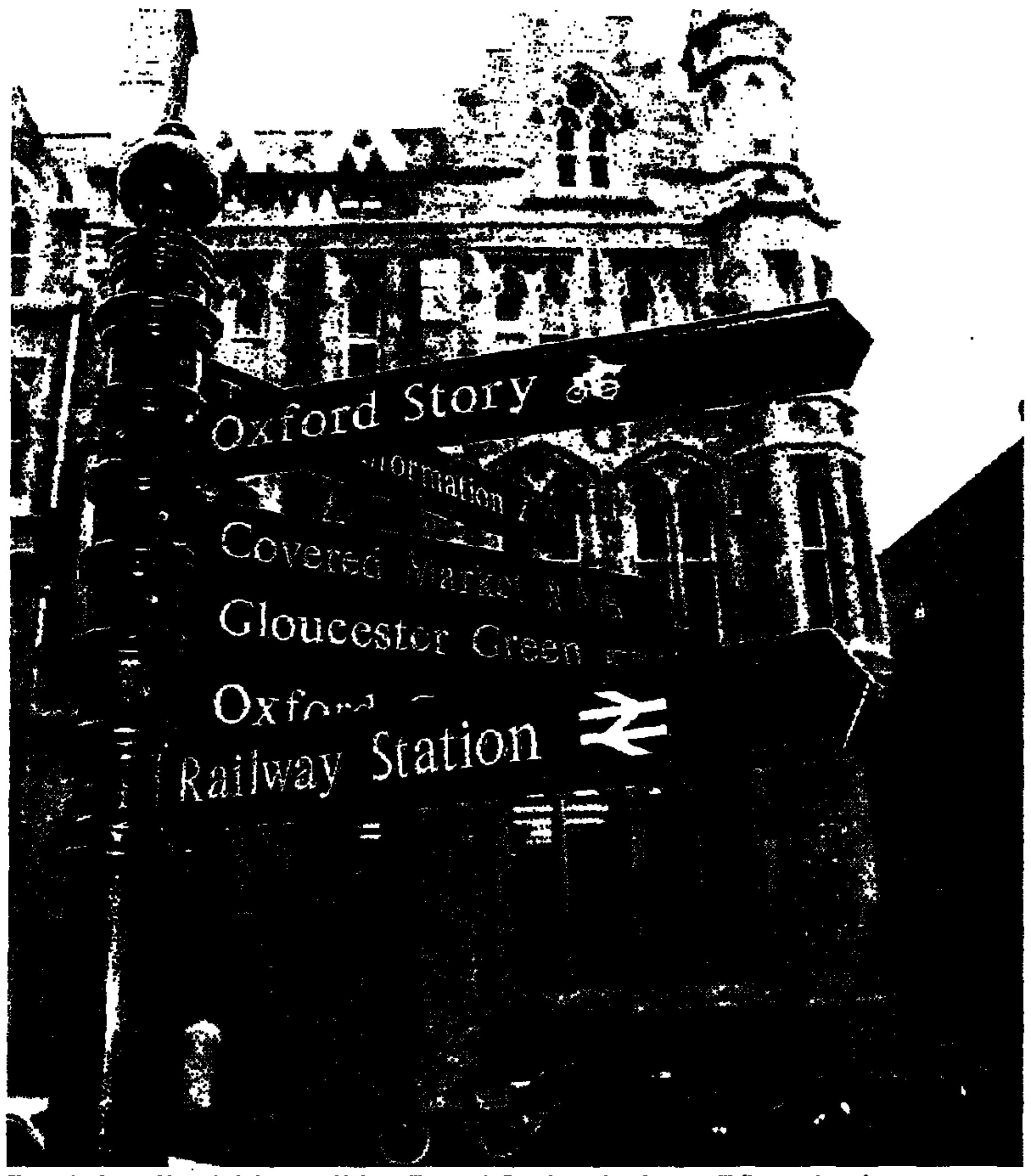
People developing buildings which might be listed can apply to the DoE for a certificate of immunity from listing. Good for five years, it allows the developer to work without disruption by spot-listing. If it is not granted, the DoE normally lists the building forthwith, and listed building consent rules apply.

Three groups of places do not have any special statutory protection, but councils are urged to be extra vigilant about them: World Heritage sites, there are 10 in England, such as Bath, the Tower of London, and Stonehenge with Avebury; historic parks and gardens on the English Heritage register and battlefields on EH's draft register.

Finally, PPG 15 introduces the public to the notion of seeing the country as a man-made artefact – an historic landscape that reflects how people have used it for centuries.

Conservation is as much about hedgerows that have been in place since Saxon times as about 200-year-old listed buildings. Expect further announcements on this theme from English Heritage and the Countryside Commission.

■ *PPG 15, Planning and the Historic Environment. HMSO £8.40.*



Sign of the times: with any luck the new guidelines will persuade Oxford council to do away with its twee street signs Tony Andrews

Fishing

Chapter and worse

Whether consumers like anthologies as much as publishers, I rather doubt. I suspect they either get bought by people who know nothing much about whatever subject is being anthologised as presents for those who do; or they don't get bought at all. From the point of view of the enthusiast, virtually all anthologies suffer from the same incurable defect.

It lies in the combination of diversity and insubstantiality. A collection drawn from 50 or more writers, representing different ages and traditions, covering a hotchpotch of themes within the overall subject, is hard-pressed to establish an identity of its own.

It becomes something to be dipped into; which, as often as not, means it is relegated to the lavatory along with the *Book of Lists* and Edith Sitwell's *English Eccentrics*. To grapple with the anthology is like being invited to a feast and finding it consists of a vast array of *bonnes bouches*. One picks and picks, and longs for red meat.

No pastime has stimulated better writing than fishing, and many are the hands which have sought to scoop off the cream. There is one anthology alone which triumphantly dodged pitfalls and, in doing so, became a classic in its own right. It is BB's The *Fisherman's Bedside Book*, which was first published in 1945.

Although BB did exploit the published legacy available to him – the work of great men such as Sheringham, Skues, Farson and others – he did much more. For one thing, he used a good deal of his own writing, which had not been published and remains among the best there is. He also went to great lengths to seek out the memories of anglers who had never dreamed of putting pen to paper – such as J L Webb of Reading and Albert Buckley.

A variation on BB's approach is the collection of specially commissioned pieces. A fine example is *A Book Of Fishing Stories*, edited by F G Aflalo, which was printed in 1913 on gorgeous, thick, paper, and which has a splendid Edwardian smack to it.

John Haslette Vahey's *The Humane Angler*, which came out in the 1930s, was an early example of the cream-skimming genre, which has swelled to the point of excess in recent times.

Each of these anthologies – with titles such as *The Angler's Bedside Book, The Angler's Weekend Book, The Angler's Companion* – contains its gems. But they all suffer from the fatal flaw, prompting a hankering for beef and two veg, with apple crumble and custard to follow.

The latest to enter this overly congested ring is Jeremy Paxman, whose *Fish, Fishing And The Meaning Of Life* has just been published by Michael Joseph at £16.99. Let me say at once that, in my view, it is flawed in the same way as most of its predecessors. In addition, the illustrations are poor, the habit of identifying authors after the extracts is maddening. there are too many chunks which are too short and too few substantial ones, and there is too much mediocre verse.

The greatest virtue is that the editor's taste and my own are in general accord (which, in view of the fact that I lent him a good portion of my library, is not very surprising). He has avoided the mistake of being too literary and including far too much boring stuff from olden days.

Paxman's own introduction is graceful and rather touching, and the first of the mighty succession of titbits is a fine fragment of wisdom from the American, Robert Traver, and an absolute cracker on winter chubbing by the great Trent Otter, J W Martin. Overall, the verdict is that you non-fishing present-givers may buy this. But, please, publishers: let there now be a moratorium on fishing anthologies.

Tom Fort

HOW TO SPEND IT

A celebration for the great innovator

Lucia van der Post on 25 years of Saint Laurent's ready-to-wear

It is just over 25 years since Yves Saint Laurent opened his first ready-to-wear boutique in London. Today, with hindsight, it seems such an obvious thing to have done. But then it looked different.

St Laurent was the star couturier of the day, a day in which *haute couture* was all. No other had deigned to submit his talents to the challenging disciplines of ready-to-wear. A few had boutique collections, attached to the main house, but they were heavily influenced by *haute couture*.

Yves Saint Laurent was the first to see that ready-to-wear required a different approach, that it deserved a line of its own and that the right place to sell would be a tiny shop in the rue de Tournon, a then unfashionable venue on the left bank (hence the Rive Gauche label).

The fashion world looked in amazement as those accustomed to shopping in the chic boulevards of the right bank crossed the river and queued to buy a genuine Saint Laurent label for about FFr200, a fraction of the *haute couture* price. But, much more importantly, Saint Laurent had discovered that he could reach a completely new market – those who had neither the money nor the inclination to shop in the grand *couture* houses.

As Marguerite Duras put it, in a foreword to a book encapsulating the work of Saint Laurent: "With *prêt-a-porter*, elitism in high fashion is no longer an issue. Yves Saint Laurent women are made in the harem, the château, on the edges of cities . . . they are in the streets, the Métro, Prisunic, the Bourse."

The timing was perfect. Women's lives were changing. As they began to take on jobs, to lead more active as well as busier lives, as servants disappeared from the houses of all but the truly wealthy, they needed clothing for this new way of living. Saint Laurent gave it to them.

He was genuinely radical, intuitively deciding that women would need clothes that gave them authority without denigrating their sexuality. He invented the trouser suit for women, proving himself a past master at making women who wore them look *more* and not *less* feminine, playing on the ambiguity.

Saint Laurent defined the difference between ready-to-wear and *haute couture* thus:

From the summer of 1971, an austere suit teamed with a sheer blouse

Saint Laurent in the early years

"Rive Gauche is for the necessities, for the needs of daily life. In *haute couture* you can allow yourself to dream."

His perception, that the necessities, the needs of daily life, were not yet adequately or stylishly enough catered for, proved correct. It turned out to be the pot of gold and almost every other designer of note followed suit – fast. Today the turnover of the ready-to-wear collections is FFr280m (£33.29m) at wholesale prices, there are nearly 100 ready-to-wear boutiques, some of which Saint Laurent owns outright, while others are franchised.

In 1969 Clare Rendlesham, who had been fashion editor of Vogue and Harpers & Queen, brought Yves Saint Laurent's ready-to-wear to London. Jacqumine Bromage, her daughter, who runs it now, was only nine years old at the time but she remembers clearly that her mother, who had never owned a business before, was "besotted with Yves Saint Laurent's clothes.

"She was convinced that British women would love them. I can still see her in a long, denim skirt and tight lace-up boots. She wore almost nothing but Yves Saint Laurent and when she used to weed out her wardrobe some of them would come down to me.

"I used to go to school wearing them and I remember everybody laughing at me as I was one of the first to wear Saint Laurent's baggy boots when everybody else was still wearing tight ones."

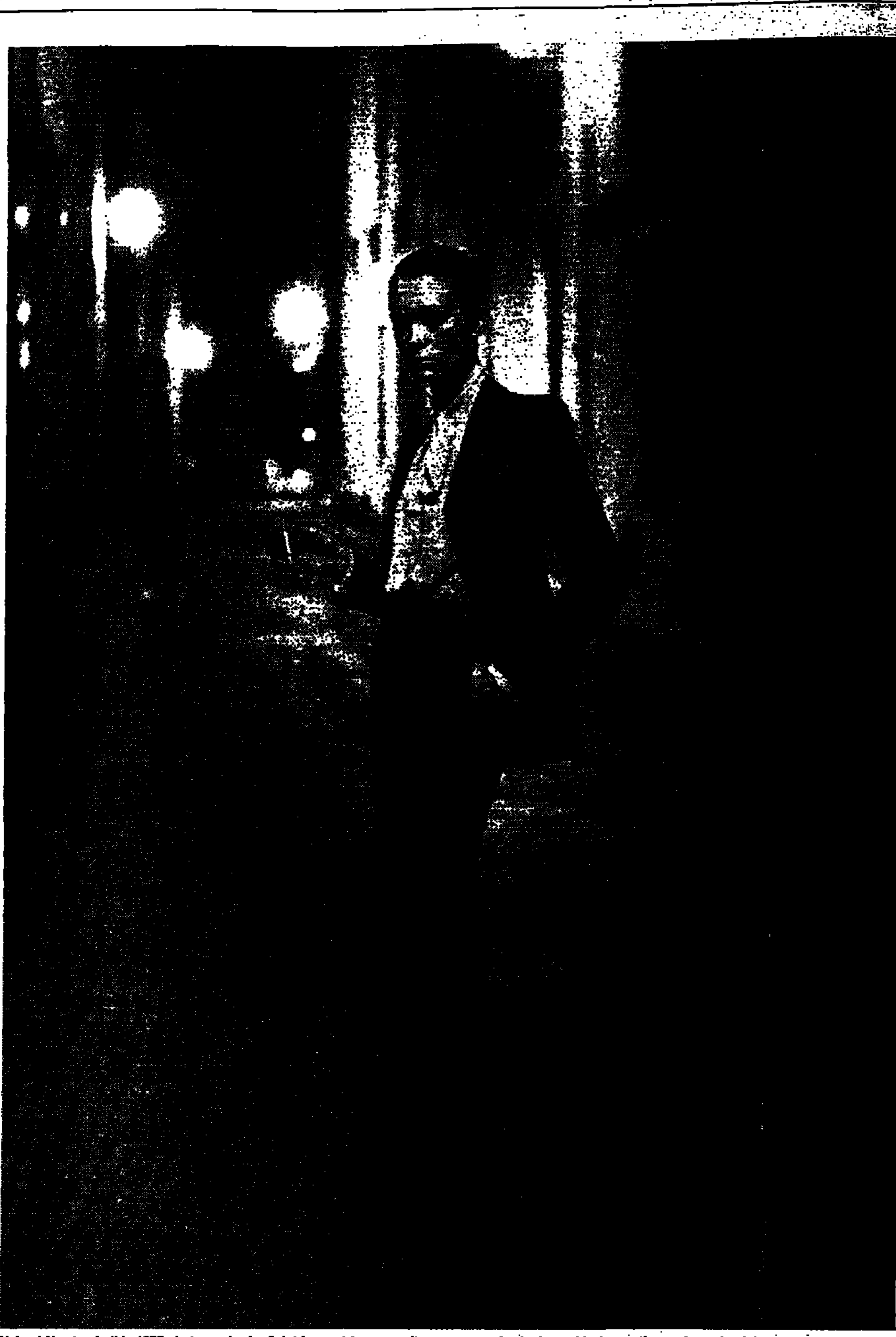
When that first boutique opened, the famously frail couturier appeared in person – as did his perennial muse Loulou de la Falaise. Princess Margaret, pop stars, all the fashion press and movers and shakers of the day also turned up.

It was a poignant moment in the creative life of Saint Laurent. These were times when hemlines were deemed of universal interest. In 1969 when, for starters, he dropped the hemline 12in and, later, all the way to the ankle, he had as definite an affect on the fashion business as Pompidou's devaluation had on the money markets. The fashion press went wild but there were doubts that the look would catch on.

Yves Saint Laurent hedged his bets. He was photographed outside the shop with one model in a classic 1960s mini on one side and another with the longer look on the other.

The press, it is fascinating to note, were almost universally shocked by the prices. "Girls buying his ready-to-wear in London will have to be loaded," wailed the Daily Express. "Dream clothes, nightmare prices," moaned the Daily Mail. Other fashion editors pointed out helpfully that at least the fare to Paris could now be saved. "Rich women used to go to Paris to buy their clothes: now they need not bother – the clothes are here."

"One of the big problems at the time," says David Roberts, who joined Clare Rendlesham early on and has been there ever since, "was persuading people to spend £30 on a skirt. Clare did a lot of educating. She persuaded her customers that it was more intelligent to buy better and buy less. She herself would buy only about two outfits a season and wear them to death."



Helmut Newton in this 1975 photograph of a Saint Laurent trouser suit captures perfectly the ambivalence, the equivocation inherent in the look

Looking back, the clothes seem a steal. A trouser suit cost about £50, a day suit £30 but scarves could be bought for around £10 and a silk shirt for £15. Anyone who bought a piece then, and still owns it, would almost certainly still be able to wear it.

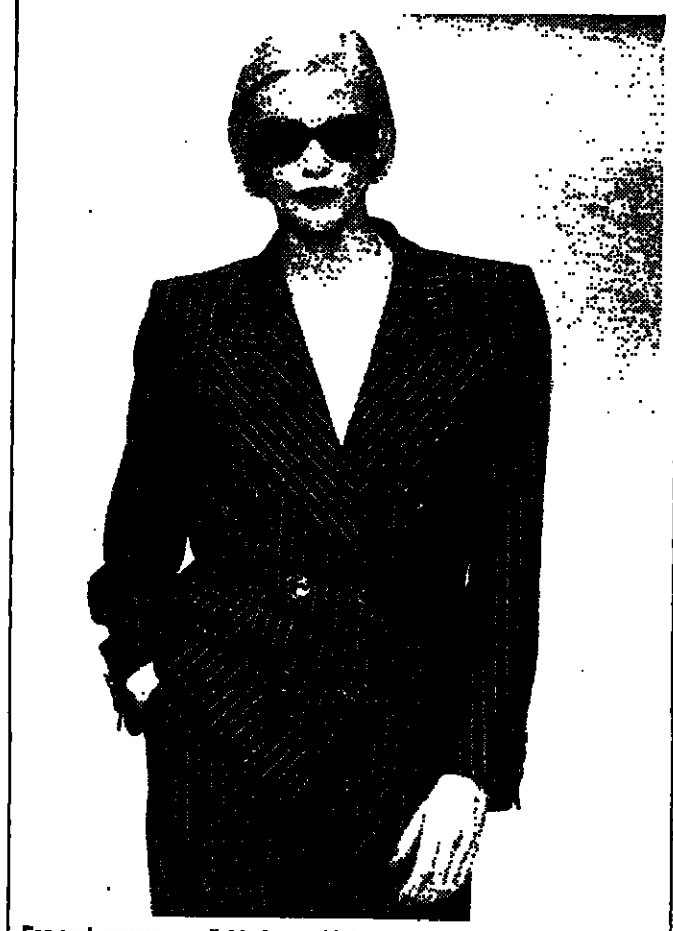
All those classics – the sleek trouser suits, the "smokings", the shiny trench-coat raincoats, the Scarlet O'Hara corsetry, the pea coats, the safari jackets, would look perfectly, beautifully, at home in the contemporary wardrobe. His clothes more than anyone's capture the spirit of our age.

The great innovator, the designer whose clothes were genuinely radical (women, it is worth remembering, were banned from serious restaurants for wearing his trouser suits so provocative were they deemed to be), these days is sickened by innovation for innovation's sake. In his mature years (he is now 58) he seeks a refinement, an updating, a perfection of the style and the craft he has spent his life exploring.

Many of his most classic designs, for instance, have been reworked for this season. For winter evenings he has updated "le smoking" – one rather mannish version, single-breasted, one-buttoned and a slightly softened one with satin lapels and cuffs and satin flap pockets. These days his prices are not so different from many a less distinguished label – a jacket runs at about £795, trousers at about £240.

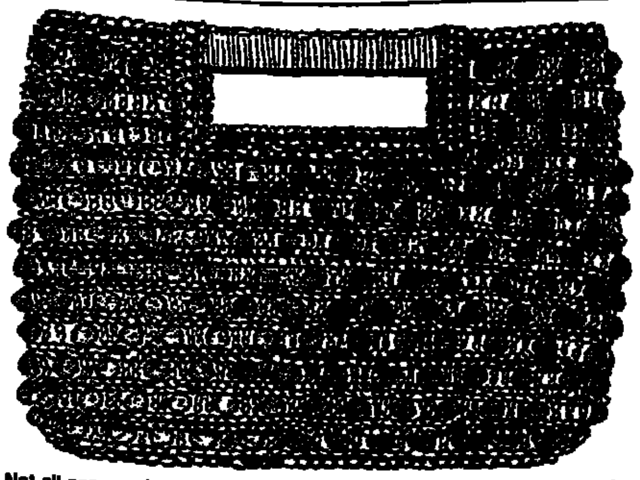
It would be hard to better Alexander Lieberman of Condé Nast's summing up of the appeal of Yves Saint Laurent: "He understood that women needed certain clothing if they were to function in a modern world. He understands, as few other couturiers do, the sex-appeal of women. Other couturiers clothe women to hide their sexuality. He liberates it. Whereas the troubadours of old wrote poems for women, he makes clothes."

■ Yves Saint Laurent for women is at 137 New Bond Street, London W1 and 33 Sloane Street, London SW1. Yves Saint Laurent for men at 135 New Bond Street, London W1 and 33 Sloane Street, London SW1.



For next summer, available from mid-January – the trouser suit updated

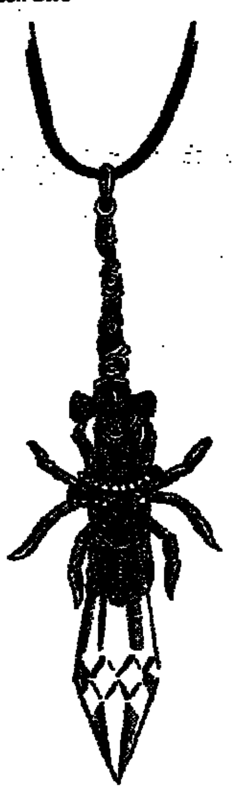
FASHION



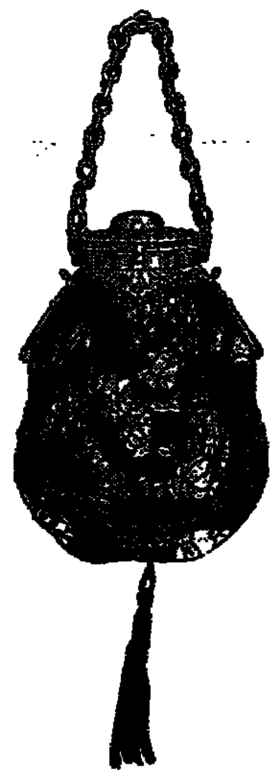
Not all accessories need come new. Think secondhand. Dolly Diamond 1960s silver crochet and bead handbag, £30

Brown satin and marabou feather boots by Valentino, 160 New Bond Street, London W1. £480.

Red satin court shoes £125 from Patrick Cox, 8 Symons Street, London SW3



Prezent spider pendant £19. Kensington Market, Kensington High Street, London W8.



Printed Chinese tasselled bag £40. Virginia Antiques – 98 Portland Road, London W11. Tel: 071-727 9908

Catherine Avison, one of the new generation of true craftswomen, produces exquisite, handmade scarves such as this brown floral embroidered version, £510. Browns, South Molton Street, London W1. SW3

Illustrations by GRAHAM MARSH

Dolce e Gabbana chiffon and silk old rose necklace, £360 from Browns, South Molton Street, London W1. Black velvet gloves Cornelia James, £25 from Harvey Nichols, London SW1. Sterling silver bangles, £14.99 from Mickey at Hyper Hyper, 26-40 Kensington High Street, London W8

Vermillon velvet corset-belt by Yves Saint Laurent, 137 New Bond Street, London W1. £140

Dolly Diamond 1950s black velvet and feather cocktail hat £25. 51 Pembridge Road, London W11. Tel: 071-792 2479

For the truly impecunious, one single black silk rose, £1. The Black Rose, Kensington Market

Party-time dress pointers

Witty accessories are the key to looking good this season, says Jane Mulvagh

It is hard to feel skittish at the beginning of the party season without the tonic of a new dress. If you have to make do with last year's model – probably black – accessories are the way to give it a new lease of life.

Even if you could afford a new dress, buying new accessories may be a better investment.

A witty pair of shoes or a jewel-bright evening bag can enliven the most sober Little Black Dress – and seldom has the choice been larger.

You could spend hundreds of pounds on an intricately-worked, hand-crafted, silken scarf or under £10 on a chain-store bargain.

Although there are plenty of inexpensive accessories around, there is a new generation of designers which takes the view that it is better to own one exquisite piece that than a drawer full of workaday pieces.

Take, for instance, Catherine Avison's floral embroidered scarf, which comes in cappuchino or powder pink – it is a fine example of delicate craftsmanship, each flower made and embroidered by hand. Avison has just graduated from The Royal College of Art and was immediately taken up by Browns, of South Molton Street, London W1.

Just as finely wrought is Natasha Barrault's pleated silk Fortuny-esque bag. Saint Laurent's scarlet corset-belt is a modern classic which not only will lift midnight-dark monochromes but can enliven day-time tweeds.

For evening, I have always been of the opinion that if the shoes, bag and jewellery look snappy then you can get away with the simplest backdrop.

The sauciest shoes this season come either from Valentino, in the form of silky satin ankle boots trimmed along the cuff with impossibly frivolous marabou feathers, or from Patrick Cox – Cruella de Vil spiky courts and thigh-high boots in blood-red or fuschia-pink satin.

The elegant modesty of Joseph Azagury's court and bar shoes, especially his matt satin, may also appeal.

Legs need highlighting with the sheerest black hosiery; please *him* with stockings rather than tights and *you* by eliminating the cumbersome rigging of suspenders in favour of lacy-topped hold-ups. The Black Rose, a stall in Kensington Market, London, run by an Australian with ghoulish attire and gentlemanly manners, offers a wonderful range of novelty hosiery – fishnets, Lurex and bumble-bee stripes by Pamela Mann and Mary Quant for between £3 and £6.

The waist and the bosom are focal points and, depending on your assets, one or both should be emphasised.

V.V. Rouleaux, the trimmings shop behind Peter Jones, Sloane Square SW3, stocks delicate black *passementerie* imported from Paris at around £30-£40 a metre and multi-coloured braids hung with lambent silken cord tassels which add conversation-piece interest to any waist or throat.

Dolce e Gabbana's romantic black chiffon and silk velvet neck-tie, decorated with faded, old, silk roses is exquisite, but at £350 perhaps not for everyone. For those on a budget a few black roses at £1 each from The Black Rose, or *fin de siècle* silk ones at about £20 each from Virginia Antiques, would recall Odette's boudoir charms.

Wacky false eye-lashes of an Olympian excess and labelled "Cow Lashes" are on offer in gold or silver tinsel at Stargazer Makeup, in the basement of Kensington Market, along with coloured wigs, ranging from a sharp, bitumen-black Louise Brookes' bob at £33 to Anita Ekberg blonde waist-length tresses for £65.00.

One of the most striking jewellery ranges at the moment is Odalisque, made by an imaginative Persian woman who spent time on the north-west frontier with the Red Cross. Collecting stones and pieces of old jewellery, she reconstructs them into parures and tasselled beads. Colours are muted and subtle, such as sunset mauve with eucalyptus green. Prices range from £100 to £450.00.

It is the transient nature of parties, that moment of flirtation seized and relished that makes them a compelling stage for performance art. The adventurous extrovert, who is clever with a needle, could sew edible nasturtium flowers along the neckline of her dress. A box of six can be found at any good supermarket.

Or make a pair of fur cuffs to slick up a plain, black sweater. Simply sew a wrist-sized piece on to a wide band of elastic and slip over the wrist.

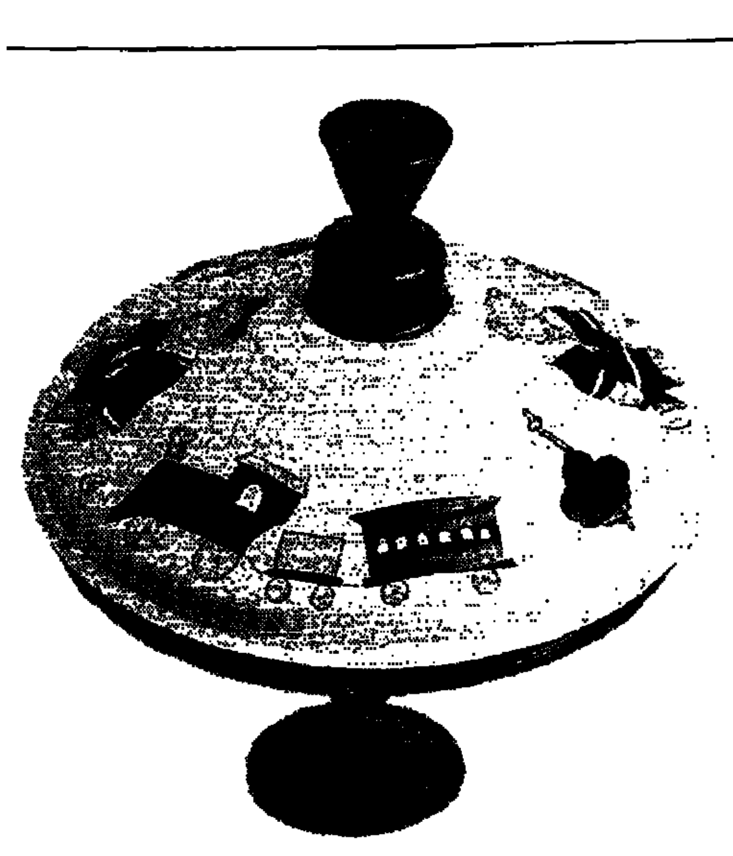
For those modernists who favour this season's sleek transparency, Jimmy Choo, Senso and Pied-a-Terre are all offering see-through plastic sandals, sling-backs and mules.

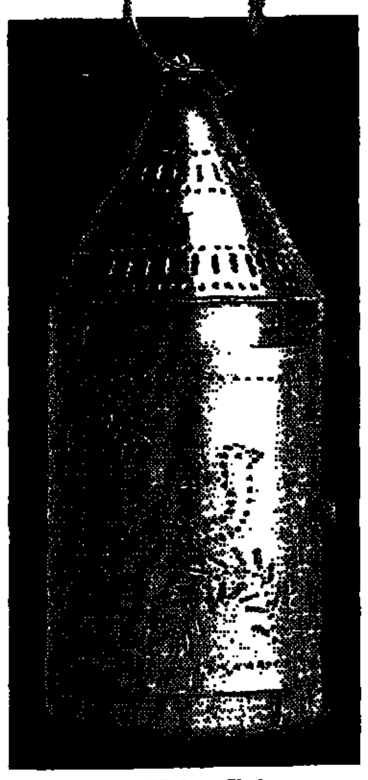
There are myriad tiny handbags which echo this trend – but bear in mind that the contents will need to be taken into serious consideration!

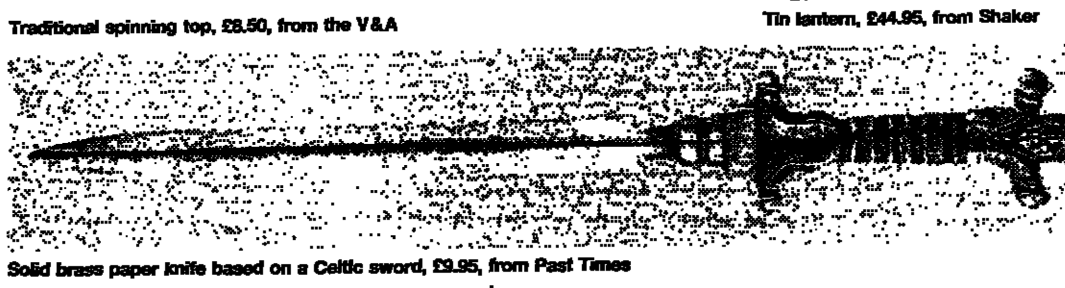
Baudelaire loved to chronicle what he called "that feminine lust for bargains" and this season adversity – if you can call not having a new dress adversity – may inspire you to use invention, artifice and allure instead.

■ Other addresses:
Joseph Azagury, 59 Knightsbridge, London SW1.
■ Odalisque Collection of jewellery designed by Rosey Aalam. Tel: 071-586 1882.
Strange Attractions, 204 Kensington Park Road, London W11. Tel: 071-229 4781.
■ V.V. Rouleaux, 10 Symons Street, London SW3.

HOW TO SPEND IT

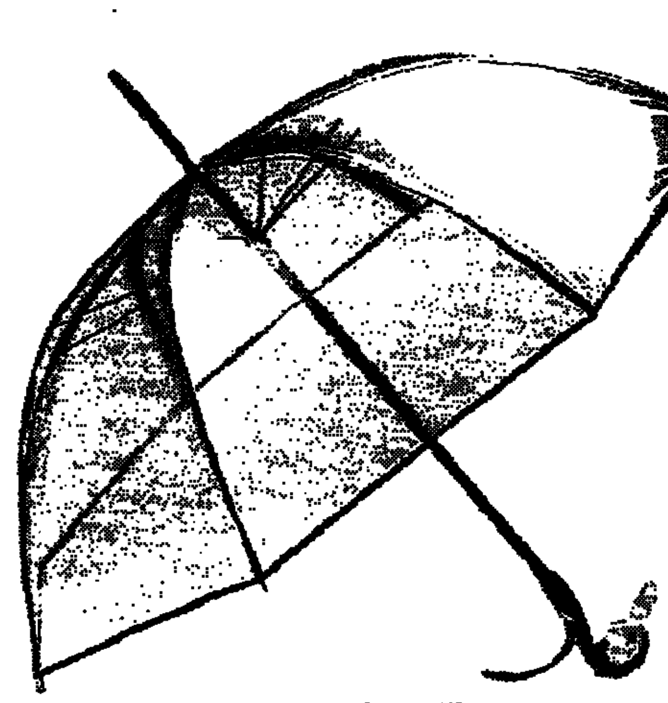

Traditional spinning top, £8.50, from the V&A

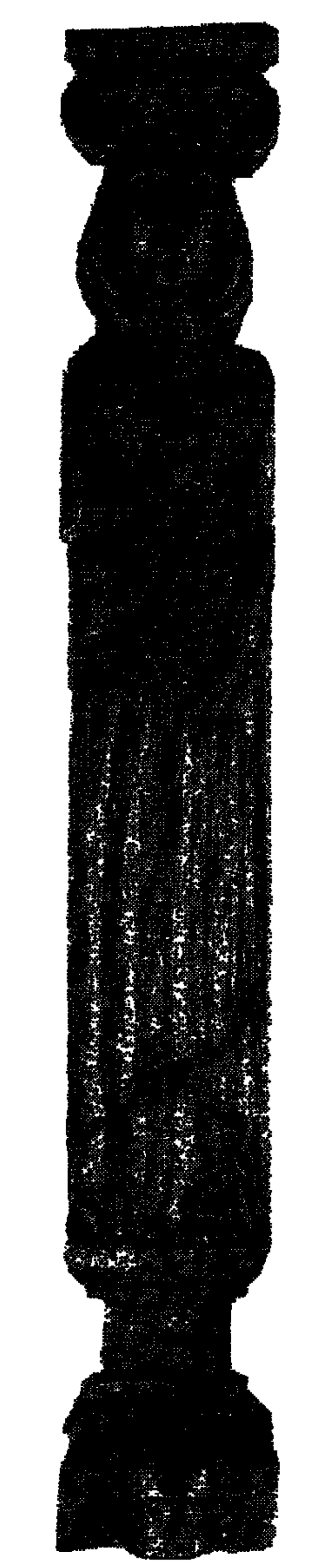

Tin lantern, £44.95, from Shaker


Solid brass paper knife based on a Celtic sword, £9.95, from Past Times


Crystal ink well, £25, from the National Portrait Gallery's catalogue

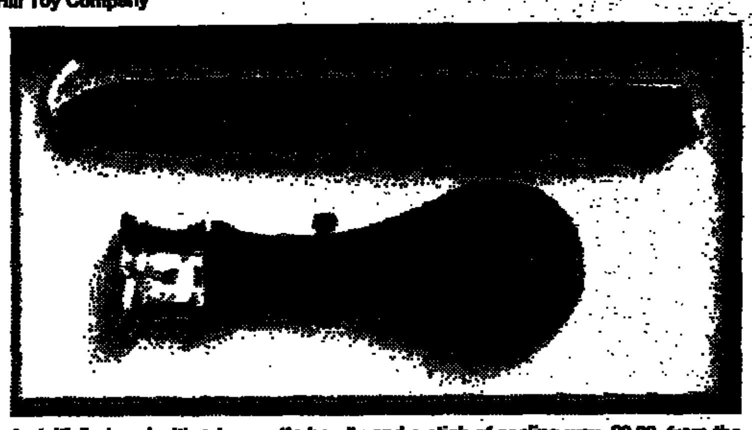

Glass candy Murano dish, £24.95, from The Royal Academy of Arts


See-through umbrella with perspex duck handle, £48


Gothic revival wall sconce, 19½ in high, £24.99 from the V&A


Giant animal heads, £4.99 each, from The Hill Toy Company


Play against the computer – bridge for one, £99.50, from the Science Museum


An initialled seal with a terracotta handle and a stick of sealing wax, £9.99, from the National Portrait Gallery

Crowd-beating gift hunting

Lucia van der Post meanders through the Christmas mail-order catalogues

If those geniuses at Sears Roebuck, J.C. Penney and Montgomery Ward (those pioneers who had the bright idea that people might buy goods through the post) could see us now, they would be astonished. Once mail order was just for the utilitarian and the everyday. Today you would be hard pushed to think up anything that you could not buy by mail.

At Christmas, mail order comes into its own. Forget the forays into bleak car-parks, the crowded shops, the over-heated shops and the battle to get the parcels home. There is still time to order the catalogues, sort through the lists and get everything delivered on time.

These days few catalogues come with a cover price – they flutter out from almost every magazine and newspaper in the land – but for anybody whose doormat has been neglected here are some of the best of the commercial ones around.

Shaker, 25 Harcourt Street, London W1. Tel:071-724-7672. £5.

Those who love Shaker-style will probably already know this charming, small company. This year's catalogue is fatter than ever and a source of beautifully simple household goods ranging in price from about £6.95 for home-spun, gingham soap bags to much, much more for serious furniture. A small Shaker hanging cupboard at £299 is especially charming, so, too, are the tin, scented candle-holders and lanterns. There is a lot for children – this year's collection of hand-made decorations are on a woodland and fishing theme with lots of gingham fish, wooden sledges and sweetly-dressed little dolls.

Beckett and Graham, 3 Langton Street, London SW10 0 JL. tel: 071-376-3855.

A small catalogue, filled with ideas for household accessories – photograph frames, flower-bedecked trays, sweet little jugs and wrought-iron fruit and candle holders. There are some nice old-fashioned games – pick up sticks (£2.30), skipping rope (£2.30) snakes and ladders (£2.95).

The Finishing Touch, 197 New King's Road, London Sw6 4SR. Tel: 071-736-0410.

A catalogue with trad, classical presents – enamelled cufflinks, silk ties, photograph frames, teddy bears (£2.99 for a tiny one with tartan paws), jumbo ballpoint pens (£5.99) and silver-plated notepads and panes (£16.50) and business card cases (£7.99). There is also a shop at the above address.

Rural Crafts Direct, The Ridge House, Duns Tew, Oxfordshire, OX6 4JL. Tel: 01869-340002.

For those who believe in supporting rural crafts this catalogue culls the best pieces from more than 600 craft members. You could buy a warm and tweedy country jacket for £189, a carpet bag from £42.80, tartan picnic rugs for £45, leather luggage from £100, a hand-made rocking horse or a traditional wooden trug.

The Royal Academy of Arts, Royal Academy Enterprises Ltd., Harrington Dock, Liverpool L70 1AX. Tel: 051-708-0555.

Much improved, expanded catalogue this year. Calendars and notebooks have always been good, now there are crackers (£19.95), a candle and snuffer set (£16.95), a pretty blue and white ceramic flower brick (£32.50), a copy of a stone Modigliani head for £295 and some excellent toys for children.

The V & A Treasury, Euroway Business Park, Swindon, SN5 8 SN. Tel: 0793-420420.

A touch of nostalgia here: hand-quilted patchwork bedspreads at £85 for a double "wedding ring" design, tapestry cushions, waistcoats and footstools. An old teak book rest costs £24.95 and white, cotton nightdresses at £29.95 and there is a charming amber necklace at £49.95.

Science Museum Catalogue, Euroway Business Park, Swindon, SN5 8SN. Tel:0793-480200.

Tremendous catalogue for the young set. Strong on educational value and fun. Good smallish presents (The Nasa Bullet Pen, using the same pressurised ink cartridge as US astronauts used while on the moon, all for £11.95), a home lab for young scientists (£24.99), rocket kit (£29.95), lots of radios, cameras, binoculars and other gadgets and gizmos.

The Natural History *Museum* Catalogue, Euroway Business Park, Swindon SN5 8SN. Tel: 0793-431900.

More for the scientifically enthusiastic young – philosopher's knot puzzle, £9.99, a pedometer to keep track of distance covered, time taken, calories burned, £17.99, the famous clock powered by potatoes, £14.99, and a gadget that purports to be binoculars, magnifying lens, compass, quadrant, torch, sundial and lots more all for £8.50. Lots of useful presents for the older set as well – magnifiers, candlesticks, salad bowls, a fine coir rug (£16.99) and some curiously nostalgic-looking patchwork quilts and throws.

Presents for Men, High Wardington House, Upper Wardington, Banbury, Oxfordshire OX17 1SP. Tel. 0295-750100.

Presents here for traditional men – leather-bound photograph albums, photograph frames, coasters, ties, gardening equipment, torches, pocket knives. Strong on practicality.

Divertimenti (Mail Order), Po Box 323, Yateley, Camberley, Surrey GU17 7ZA. Tel: 0252-861212,

The catalogue for the foodie set with much that the good cook would love to own – sturdy cooking pots and state-of-the-art knives, mandolins and salad spinners, pasta makers, dried wild fungi and a little stainless steel mill for grating Parmesan cheese. Lots of kitchen classics, including the Dualit toaster, £89.95 for the two-slice version.

National Portrait Gallery Publications (Mail Order), Freepost (Lon 5125), London WC2H OBR. Tel:071-306-0055.

New on the scene, it brings to a wider audience the offerings normally on sale in the gallery's shop. Not a large selection but, in this day of centralised buying for many of the charity catalogues, almost everything seems unique to the gallery and relevant to its purpose. Portraits, ranging from kings and queens to Lawrence of Arabia, Virginia Woolf and *Guy Fawkes*, appear on everything from paperweights to trays. Small but elegant.

Barclay & Bodie, 7-9 Blenheim Terrace, London NW8 OEH. Tel: 071-372-5705.

This is an enchanting shop with a mixture of well-chosen small antiques and the sort of beguiling things most of would love in our houses but feel are a little too extravagant to buy for ourselves. You can buy hand-drawn, threadwork guest towels at £12.50 a time, some golden yellow French Provençal oven-to-tableware with basketwork holders, beautiful see-through umbrellas with Perspex duck handles, brocade sewing rolls and a small selection of toys.

Past Times, Witney, Oxfordshire 0X8 6BH. Tel: 0993-779339.

Lots of nostalgia here – Victorian-style Christmas cards, silk scarves, Bayeux tapestry cushions, Friar & Belcher gargoyles, should your house have lost a couple, and a copy of a 1930s wireless (although this time round it has a cassette player as an optional extra). Presents for fogeys young and old.

The Dolls House Emporium, Tudor Models Ltd., Victoria Road, Ripley, Derbyshire, DE5 3YD. Tel: 01773-513773.

Every small girl needs a doll's house and The Dolls House Emporium has them in almost every style and price-range, from a Queen Anne-style manor house to country cottages. Prices range from £49.90 for a flatpack do-it-yourself Blossom Cottage to £999.90 for a ready-built and decorated Queen Anne house. Much more fun to let the child build, paint, decorate and furnish herself – and much cheaper, too. Solve present-giving for years to come by buying everything the house needs from furniture to cooking pans.

The Hill Toy Company, 113 Landsdown Road, London W11 2LF. Tel: 071-229-0222.

A fine source of classical wooden toys – the sort parents love to give, all usefully presented in age categories. First building blocks, push-along toys and rocking horses to dolls and cots, engines and construction kits. Excellent prices and a good page of toys all under £10.

Itridias! The Ice House, 124 Walcot Street, Bath BA1 5BG. Tel:0225-469455.

An old favourite this with plenty of nice sturdy wooden toys to appeal to the taste police as well as lots of gaudy stocking fillers to appeal to the children. A good source of inexpensive joky toys – joke food, indoor fireworks, space age snacks (as eaten by real astronauts), wiggle balls and books of jokes.

Teddy Bears, 99 High Street, Witney, Oxfordshire, OX8 6 LY. Tel; 0993-702616. £3 for the catalogue.

The place for teddy bears, old and new. The Alfonzo bears have been such a success that delivery now takes several months. Lots of others to choose from – including the Steiff 1908 replica at £145.

Play & Learn from Galt, Culvert Street, Oldham OL4 2ST. Tel. 061-627-1677.

A fabulous selection of toys from steam engines and electronics kits to atlasses and see-through cars. Something for children of all ages.

CHRISTMAS FOOD AND DRINK

You can almost smell the aroma of croissants and tobacco in Marie-France Boyer's evocation of "The French Café" (Thames and Hudson, £12.95, 120 pages). There are 100 recommended cafes and 190 photographs in a book which places the café at the heart of the French way of life

Over from Dover

Jill James recommends shops and eating places in north France

Mary Tudor may have had Calais engraved on her heart but I shall have it tattooed on my Wellington boots.

Arriving in a particularly nasty squall last month, for Le Shopping, I found it a little hard to explain to my family why we were forsaking the pleasures of London for a week in the Pas-de-Calais.

The reasons were looking even ropier after two indifferent and expensive meals at recommended restaurants.

But then came the turning point. At my 11-year-old's insistence we booked in to an old favourite, the Atlantic Hotel in Wimereux, a small resort a couple of miles from Boulogne run by Aron and Marie-France Misan.

Here we ate some of the best food of our stay – including a dish that I thought it would be very difficult to make a success of – *foie gras* stuffed with lobster and spinach, which worked surprisingly well.

Lobster is the speciality of the house and so, in season, is *fruits-de-mer*. Out of season the menu is commendably short. Expect to pay about £35 to £45 a head with wine. Hotel accommodation is modest.

And now, for those of you on the annual drink-buying pilgrimage, here is a selection of the very best restaurants and food shops in Calais and Boulogne (*see panel opposite*).

Necessarily it is entirely subjective, gleaned from many visits. Mostly I have either visited the shops and restaurants personally – and paid for meals and goods out of my own money – or they come highly recommended from friends and colleagues.

I have concentrated on small, good quality businesses, many family-owned. Mammouth and the rest of the hypermarkets you can seek for yourselves.

You should find all the shopkeepers I have mentioned happy to greet you – and for a very good reason: "The British visitor represents 15 per cent of the general turnover of the trade in Calais," says Gerrard Baron, chairman of the town's Chamber of Commerce.

When I popped in to see him last month, a group of the town's shopkeepers were in a basement room busily honing their English language skills in order to provide an even better service to visitors.

So good shopping and *bon appetit*.

Hotels and restaurants

Choose your restaurant carefully. You can eat as badly and expensively in northern France as you can in England. Most of the following hit the high notes consistently.

Restaurant La Liegeoise
10 rue Monsigny
62200 Boulogne
Tel: 21 31 61 15

La Matelote
80 boulevard Sainte Beuve
62200 Boulogne
Tel: 21 30 17 97

L'Huitrière
11 place de Lorraine
Boulogne
Tel: 21 31 35 27

L'Epicure
1 rue de la Gare
62930 Wimereux.
Tel: 21 83 21 83

La Diligence
7 rue Edmond-Roche
Calais.
Tel: 21 96 92 89

George V Restaurant Gastronomique
36 rue Royale
Calais
Tel: 21 97 68 00.

Le Channel
3 boulevard de la Resistance
Calais
Tel: 21 34 42 30

Château de Montreuil
4, chaussee des Capucins
62170 Montreuil-sur-mer
Tel: 21 81 53 04

Le Relais de la Brocante
2 rue de Ledinghem
62126 Wimille
Tel: 21 83 19 31

Le Restaurant du Golf
3 avenue du Golf
62152 Hardelot
Tel: 21 83 71 04

Le Pavillon Restaurant du Westminster
Avenue du Verger
62520 Le Touquet
Tel: 21 05 48 48

Hotel Restaurant du Grand Cerf
34 avenue Ferber
62250 Marquise
Tel: 21 87 55 05

Top food and drink shops for cross-Channel trekkers

Calais has a population of only 120,000 – but between the beginning of November and Christmas it will be swelled by some of the 1.5m to 2m Britons who will have crossed the channel to shop there or in the surrounding area of northern France. In Calais the shopping streets are in two groups, around rue Royal and place d'Armes, and along the boulevards Jacquard and La Fayette. Although it is not as attractive as neighbouring Boulogne it still offers top quality small shops of the sort which are all too uncommon in southern England.

Boulogne is France's biggest fishing port. More attractive than Calais, I have always had a soft spot for the walled haute ville. However, I think the best food and drink shopping is to be had below the *haute ville* in the Grande Rue, rue Faidherbe and the little streets that criss-cross them. Here are some of my favourites:

Calais

AU BEC FIN,
32 Bd La Fayette,
Tel: 21 82 63 80. A very good cheese shop which also sells fine wines.

LA MAISON DU FROMAGE,
1 rue André Gerschell
Tel: 21 34 44 72

FRED,
120 Bd Jacquard,
Tel: 21 34 89 89. Great bakery and mouth-watering pâtisserie.

LEDUC CHARLES,
195 Bd La Fayette,
Tel: 21 34 37 71. Very good delicatessen.

LES DELICES DE LA MER,
160 Bd La Fayette,
Tel: 21 34 64 57, and

HUITRIERE CALAISIENNE,
12 Bd La Fayette,
Tel 21 36 50 97. Two good fish shops.

BOUCHERIE CHARCUTERIE DAVELU,
87 Bd La Fayette,
Tel: 21 34 39 64. The best butcher in town.

MARKETS: Thursday and Saturday mornings, place Crevecoeur. Wednesday mornings, place d'Armes.

Boulogne

PHILIPPE OLIVIER,
43 Rue Thiers,
Tel: 21 31 94 74,
Fax: 21 30 76 57. Simply the best cheese shop in the area.

DEMARCHEZ,
47 Rue Faidherbe,
Tel: 21 31 39 41,
Fax: 21 30 95 45. An excellent bakery.

COMTESSE DU BARRY,
35 Grande Rue,
Tel: 21 87 19 20. Get your confit here.

FAUCHON-HEDIARD,
7 Rue Porte Neuve,
Tel: 21 31 65 47. Everything from foie gras to glacé fruits.

POISSONNERIE AUX PECHEURS D'ETAPLES,
31 Grande Rue,
Tel: 21 30 29 28. Excellent fish shop with restaurant attached (which I haven't yet tried).

BOURGEOIS JEAN
1 Grande Rue,
Tel: 21 31 53 57. Excellent butcher. I get my Toulouse sausages here.

MARKETS: Wednesday and Saturday morning, place Dalton.

DRINK

The government has laid down a 90-litre guideline for those bringing drink into the UK from the EC. In fact, there is *no* legal limit and you can bring in what you want provided it is for your *own personal use*. Among the plethora of guides to the drinks market the best I have come across is Tom Stevenson's *The Cross-Channel Drinks Guide* (Absolute Press, £6.99, 272 pages). The best cross-channel drinks outlet is the Grape Shop in Boulogne. There is now a branch at the SeaCat terminal, Gare Maritime, 62200 Boulogne, (tel: 010 33 21 30 16 17 from the UK), in addition to the shop at 85-87 rue Victor Hugo in the town (010 33 21 30 16 17). Martin Brown, who runs them, is English and extremely helpful.

CHANNEL crossings: Check the newspapers for fare bargains – most of the ferry companies offer remarkably good deals for trippers at this time of year. And there is always the Tunnel... (see Stuart Marshall, Page III).

■ Jill James travelled with Hoverspeed from Dover to Calais and by SeaCat from Folkestone to Boulogne. Reservations: 0304-240241

A special experience

Giles MacDonogh travels (without a donkey) in the Cévennes

What is it which makes France so special? One reason is variety.

With certain notable exceptions, such as the Brie, the Beauce or the monotonous Landes, the landscape changes every 30 kilometres; parasol pines might give way to *maquis*, olive trees and vines cede their places to chestnut trees and herds of goats. With every mutation there is a new culture, *patois* and diet.

I have been to Montpellier *dozens* of times, but before this autumn I had never ventured up into the Cévennes.

My destination was the hotel-cum-restaurant Chantoiseau in Vialas in the Lozère, a place so remote that even its owner, the lyrical chef Patrick Pagés, is heard to exclaim *"est là où Jésus Christ a perdu ses savattes"*, an idiomatic way of saying it is a hell of a place to find.

The Cévennes were made famous in Britain by the writings of Robert Louis Stevenson. This is Protestant France. Many fled to Britain, Holland and Germany after the infamous *dragonnades* of the 17th century. Those who remained maintained a careful secrecy about their lifestyles and even to this day they can be closed and withdrawn.

The chestnut is the module of Cévennes cooking. It was a region of intense poverty. and every part of the tree served some practical purpose: the leaves were used to feed the animals; the wood served to make furniture; while the nuts themselves were smoked to rid them of their maggots and used to provide force during the cruel winter months.

As Pagés points out, a mere handful of chestnuts is enough to nourish a man.

Normally they were offered with goats' milk as *badjana*. In the poorer villages of the Cévennes this is how children are fed to this day. As Pagés puts it: "Chestnuts are not trees, they are an entire civilisation."

The frugality of this basic diet was relieved by the occasional feast. The great speciality was a calves' head vinaigrette with boiled potatoes; or *tripoux*, a dish which might have reconciled them to their Calvinist cousins in Scotland: little packets of sheeps' stomach cooked with mutton trotters much in the manner of the *pieds et paquets de Marseilles*.

The onerous task of cleaning the tripe made it one of the few meat dishes consumed by the poor. The soil was so terrible that only the rich possessed sheep or cows. Their diet was slightly different: they consumed slow cooked meat stews or *daubes*; the plentiful game; or salt cod *au gratin*.

Potatoes were another important staple; either cooked in a purée with herbs or as *aligot*, an unctuous purée of potatoes and young Cantal cheese which should be so elastic that you are obliged to wrap it round your fork like spaghetti.

There was no systematic cultivation of the vine, no beer, no cider and no perry. From the late 19th century onwards, what little wine there was came from the Clinton grape, which, as the name suggests,

> Pagés is a highly respected chef and sommelier who represents the region of Languedoc-Roussillon

was imported from America. This hybrid made light coloured, thin wines which were rumoured to affect both the heart and lungs. Pagés asserts that it was Clinton, rather than vinegar, that was in the sponge passed up to Christ on the cross: "It was that which killed him."

This account of the gastronomic specialities of the Lozère might seem calculated to put off potential visitors, but let me assure you that there is no Clinton among the 1,020 wines listed at Chantoiseau. Nor will you be dissatisfied with the menu: Pagés is a highly respected chef and sommelier who represents the Languedoc-Roussillon region both in France and abroad.

He is, however, more than happy to make use of local ingredients.

He lists as one of his specialities, in the Michelin guide, the plate of juicy sausage which greets you as you arrive at table.

The famous chestnuts of the region found their way into the quail consommé with ginger and Soissons beans as well as the exquisite *raviole of pélardons*, the local goats' cheese; this was served on a bed of Swiss chard and a little sauce of fresh *mousseron* mushrooms.

This is a paradise for mushroom lovers and come the autumn wild mushrooms figure largely on the menu. Some tender fillets of stag, for example, came with two significant piles of mushrooms: one of *ceps* and the other of *grisettes*, together with a dollop of *aligot*.

The same *pélardons* also loom large on the cheeseboard but they are joined by other goats' cheeses and some of the greats of the nearby Auvergne.

The name of the restaurant is a little pun which demonstrates something of the owner's humour. His father was a *boulanger* (baker) who became the owner of the Hotel Platon (no relation to the philosopher) in Vialas.

Pagés changed the name to Chantoiseau after the man credited with opening Paris' first restaurant in the 1770s. Chantoiseau was his *nom de guerre*. His real name was Boulanger.

■ Chantoiseau, Vialas 48220 Lozère. Tel: 66 41 00 02. Open April 8-November 11. Closed Tues night and Wed. It is advisable to get instructions on the best way to get there when you book.

■ Menus range in price from FFr130 to FFr720. A la carte FFr400 to FFr500. Rooms FFr410 to FFr520.

Shopping without tears – a

Nicholas Lander sorts out the best British postal suppliers for your Christmas poultry and game.

Three factors have led me to spend another lengthy period on the phone talking to Britain's most individualistic suppliers and retailers.

The first was hearing from many readers how useful this guide has been not just in the hectic run-up to Christmas but during the rest of the year. Bulky boxes of food delivered to your door can save you time and backache.

In talking to these suppliers I also realised how widely last year's guide was appreciated. One Lancashire supplier received a phone call and orders from a reader in Canada while another, based in London, was soon packing orders for Eire and Norway.

Finally, there is the growing conviction among suppliers that they have weathered the worst – the recession and the costly imposition of new health regulations – and they can now concentrate on producing first class ingredients.

MEAT, POULTRY and GAME. Eastbrook Farm Organic Meats, Bishopstone, near Swindon, Wiltshire SN6 8PW. Tel: 0793-790460, 0793-791239. Beef, lamb, pork, chickens and bacon.

Fletchers Fine Foods, Reediehill Deer Farm, Auchtermuchty, Fife KY14 7HS. tel: 0337-828369, fax: 0337-827001. Joints of venison, venison paté, juniper berries and recipes for cooking venison.

Goodman's Geese, Walsgrove Farm, Great Witley, Worcester WR6 6JJ. Tel: 0299-896272, fax: 0299-896889. Free-range, extra meaty geese.

Heal Farm, Kings Nympton, Umberleigh, Devon EX37 9TB. Tel: 07995-74341, fax: 076957-2839. Top quality meats, particularly rare breeds of pig, but at top prices.

Ian Miller's Organic Meat, Jamesfield Farm, by Newburgh, Fife KY14 6EW. Tel: 0738-850498, fax: 0738-850741, for tip-top Scottish beef.

Meat Matters, 67, Woodland Rise, London N10 EUN. Tel: 081-442 0658. A personal service of top quality organic meat now available nationwide.

Rannoch Smokery, Kinloch Rannoch, Pitlochry PH16 5QD, Perthshire. Tel: 0882-632344, fax: 0882-632441. Smoked venison for a delicious first course.

The Game Larder, Rushett Fram, Chessington, Surrey KT9 2NQ. Tel: 0372-749000. Game hung to order as well as deer, woodcock and wild boar.

Hereford Duck Company, Trelough House, Wormbridge, Herefordshire HR2 9DH. Tel: 098-121767, fax: 098-121577. A new breed of duck, the Trelough, bred by proprietor Barry Clark amongst orchards of rare apple trees.

Derek Kelly Turkeys, Springate Farm, Bicknare Road, Danbury, Essex CM3 4EP. Tel: 0245-223581, fax: 0245-226124. A family run farm breeding the famous Kelly Bronze turkey.

The Real Meat Company Ltd, East Hill Farm, Heytesbury, Warminster, Wiltshire BA12 0HR. Tel: 0985-840436, fax: 0985-840243. Turkey, chickens and 'non- shrinking bacon.'

Morris's Gold Medal Black Pudding, 120 Market Street, Farnworth, Bolton, Lancashire BL4 9AE. Tel: 0204-71763. For me, the top producer of this Lancastrian delicacy.

Musks, 1 The Rookery, Newmarket, Suffolk CB8 8EQ. Tel: 0638661824, fax: 0638-561874. Prime pork sausages and chipolatas made to a secret 1884 recipe.

Pipers Farm, Cullompton, Devon EX15 1SD. Tel: 0392-881380, fax: 0392-881600. Bronze turkeys, geese and free-range chickens.

Somerset Ducks, Greenway Farm, Moon Lane, North Newton, Bridgwater. Tel: 0278-662656. Farm fresh duscks, boned, stuffed and cooked, duck sausages and pâtés.

Swaddles Green Farm, Hare Lane, Buckland St Mary, Chard, Somerset. Tel: 0460-234367, fax: 0460-234591. The full range of organic meats but the American Bronze turkeys and their *jambon cru* are distinctive.

Richard Vines, Hillhead Farm, Chagford, Devonshire TQ13 8DY. Tel/fax: 0647-433433. Indigenous beef breeds reared on the Devon moors.

Wensleydale Wild Boar Breeders, Manor Farm, Thornton Steward, Ripon, North Yorkshire HG4 4BB. Tel: 0677-60239. For a more distinctive dinner party menu.

FISH, SMOKED FISH and SMOKED MEAT PRODUCTS. Ashdown Smokers, Skellerah Farm, Corney, Cumberland LA19 5TW. Tel: 0229-718324, fax: 0229-718339. Traditional smokers of all cuts of meat, fish and cheeses. Particularly renowned for their smoked Herdwick mutton hams.

James Baxter & Son, Thornton Road, Morecambe, Lancs LA4 5PB. Tel: 0524-410910. Morecambe Bay potted shrimps, one of Britain's great delicacies.

Brown & Forrest, Thorney, Longport, Somerset TA10 0DR, tel: 0458-251520, fax: 0458-253475. Smoked salmon, smoked eel, hot and cold smoked trout.

Carew Oyster Farm, Tything Barn, West Williamston, Kilgetty, Pembrokeshire SA68 0TN. Tel: 0646-651452, fax: 0646-651307. Delicious Pacific oysters bred in the Carew river and priced for the oyster lover – the more you order the cheaper they are.

Colchester Oyster Fishery, Pyefleet Quay, Mersea Island, Colchester, Essex CO5 8UN. Tel: 0206-384141, fax: 0206-383758. Oysters from the other side of the UK: also crab, crawfish and lobsters.

Clunes Wild Scottish Salmon, The Smokehouse, Culloden, Inverness IV1 2PD. Tel: 0463-794333, fax: 0463-791045. Smoked salmon and smoked scallops.

Duchy of Cornwall Oyster Farm, Port Navas, Falmouth, Cornwall TR11 5RJ. Tel: 0326-40210. Native Helford and Pacific oysters and mussels.

Dunkeld Smoked Salmon, Springwells Smokehouse, Brae Street, Dunkeld, Perthshire PH8 OBA. Tel: 0350-727639, fax: 0350-728760. A most distinctive range of smoked salmon, farmed and wild, and gravad lax.

H Forman & Son, Queen's Yard, White Post Lane, London E9 5EN. Tel: 081-985 0378, fax: 081-985 0180. One of the few remaining smokers in London's East End.

Highland Taste, Glenogle Farm, Lochearnhead, Perthshire FK19 8PT. Tel: 0567-830378, fax: 0567-830380. All things smoked: smoked salmon, kippers and smoked wild boar.

Inverawe Smokehouses, Taynulit, Argyll PA35 1HU, tel: 08662-446, fax: 08662-274. The full range of smoked fish and meats plus Loch Etive Scottish trout caviar.

Loch Fyne Smokehouse, Clachan Farm, Cairndow PA26 8BH, Argyll. Tel: 0499-600217, fax: 0499-600234. Oysters, smoked mussels and salmon and, naturally, Loch Fyne kippers.

Minola Smoked Products, Kencot Hill Farmhouse, Filkins, Lechlade, Gloucestershire GL7 3QY. Tel: 0367-860391, fax: 0367-860544. A distinctive range of meats and fish smoked without artificial flavours or colourings. Quail, venison, gammon and guinea fowl - even smoked foie gras on request!

River Exe Shellfish Farms, Lyson, Kenton, Exeter, Devon EX6 8EZ. Tel: 0626-890133, fax: 0626-891789. Oysters, mussels and razor clams.

Simply Salmon, Severals Farm, Arkesden, Saffron Walden, Essex CB11 4EY, tel: 0799-550143, fax: 0799-550039. Smoked salmon, smoked chicken and duck breasts, wild boar and home made preserves,

The Company Shed, 129, Coast Road, West Mersea, Colchester C05 8PA, Essex, tel/fax: 0206-383284. Native and Gigas oysters.

Richard Woodall, Lane End, Waberthwaite, Millom, Cumbria LA19 5YJ. Tel: 0229-717237, fax: 0229-717007. Delicious Cumberland sausages and hams, Parma-style air dried ham and first class bacon.

Seasalter Shellfish, The Harbour, Whitstable, Kent CT15 1AB. Tel: 0227-272003, fax: 0227-264829. Pacific and Native oysters from England's most famous oyster beds and Manila clams.

CHEESES. The 1990 Food Safety Act makes it impractical for the increasing number of quality conscious producers of farmhouse cheeses to reach customers directly by mail order. What follows is a list of some of the country's top cheese retailers who will supply by post:

Chatsworth Farm Shop, Stud

Continued on opposite page

Treading in the vintage

Giles MacDonogh takes off his shoes and socks in the Douro valley

Vila Nova de Gaia is the showroom for port wine. It lies opposite Oporto on the south bank of the Douro just before the river debouches into the Atlantic.

There the big companies have their lodges and visitors may go on special tours and taste the wines. Port, however, comes from miles away up river, beyond the high Serra do Marão.

The mountains have the advantage of keeping out the Atlantic climate which can make Oporto such a cussed, drizzly place. There it is generally hot all summer, resulting in what is called 'Douro bake'; hard on humans, but marvellous for the thick-skinned black grapes destined to be trodden (well, ideally) for port.

The Douro is one of the remotest places in modern Europe. In spite of all that has happened in the past century; in spite of the revolution of 1974, the region still has a feudal feel.

At the centre of the feudal structure is the *quinta:* a farm estate planted with vines and occasionally olives. Pretensions to architecture are rare, quinta houses are large, solid, white-washed buildings. Every now and then they are distinguished by a baroque chapel or a few stone dressings around the windows.

There live the lords of the Douro. Some are directors of port houses in Vila Nova. In the majority of cases, however, the owners remain independent of the port business, preferring to sell their grapes for the best price. Either way the structure remains the same.

Life in the Douro Valley can never have been easy. The soil is thin and stony – suitable only for vines and olives. Even today transport is slow and, occasionally, hazardous. Not so long ago the only way down to Oporto was by river.

The limited vocation of Douro agriculture explains the jubilation which surrounds the vintage. The villagers arrive with their friends and relations and pick the grapes. Once the harvest is in the villagers gather around the shallow, stone *lagares;* there the bunches destined for the very best wines are trodden underfoot.

Only a few years ago only port houses such as Taylors continued to tread a percentage of their grapes. Recent studies, however, have shown that footwork is simply the best way to derive the maximum colour and extract in the shortest period of time. This is a vital consideration with port, where the still-fermenting juice must be run off on to brandy after only two or three days in the vat.

Treading the grapes in the *lagares* has another advantage: It gives the villagers the chance to enjoy the harvest in their traditional way. Much of the fun takes place in the vat itself.

Arriving at Taylors' Quinta de Vargellas on the last day of this year's vintage, we were taken down to see the locals at work in the *lagar*. At first glance they seemed rather gloomy. A lugubrious character had taken on the role of sergeant and was drilling his little squad backwards and forwards through a thick mass of grapes.

When we returned after dinner the scene had been transformed.

Someone had got hold of a synthesiser; a few bottles of rough local brandy had been cracked; and there was dancing in the vat.

We jumped in too. It was not easy to dance in a cold, sticky stew of grapes, pips and husks, but the villagers were clearly enjoying it; nor did they seem much inhibited by the presence of the squire and his guests. Within moments we were clamped in the arms of the stout village women.

The next day the vintage was over. The occasion was marked by a procession up to the quinta house beaded by one of the prettier of the younger women flanked by a man with an accordion.

The woman carried a cross with a bunch of grapes at the centre surrounded by seven red roses. This was presented to Alastair Robertson, of Taylors, to keep as a talisman until the next vintage. It was the cue for the Robertsons to turn the quinta over to a sort of *saturnalia:* the lords waiting on the villagers: providing them with food and fetching them drink.

Once the dancing had stopped, Robertson took his guests on an excursion to the other side of the river.

I should have gauged from the look on his face that he intended to surprise us when we docked beside a bar-cum-restaurant called the Cafe Sa da Ribeira. A wild-looking character wearing a greatcoat and the Portuguese flag on his head greeted us at the quay, then followed us to the cafe where a shiny brass plaque informed us that John Major, the British prime minister, had lunched there on August 30 1993.

The cafe owner informed us that Major had eaten grilled chicken with chips and drunk a simple white wine. We were all so chuffed at our scoop that no-one remembered to ask who had paid the bill. Nor was it explained to us whether Major was attracted by the remoteness of the Douro Valley or by its surviving feudalism.

What was, however, clear, was that he had chosen the wrong year: 1993 was a wash-out, one of the worst in living memory. On the other hand 1994 was a peach and come 1996 Taylors might well to decide to declare a vintage. If that happens I shall like to think that my sore feet played a small part in its success.

CHRISTMAS FOOD AND DRINK

food lover's armchair guide

fish and meats, cheeses and oils, treats and sweetmeats for the Christmas and new year holiday season

Continued from previous page

Farm, Pilsley, Near Bakewell, Derbyshire DE45 1UF. Tel: 0246-583392, fax: 0246-583464. All kinds of produce from the Duchess of Devonshire's farms and other local producers.

La Fromagerie, 30 Highbury Park, London N5 2AA. Tel/fax: 071-359 7440. Italian, French, Spanish and English cheeses alongside a wide range of dry goods including *wonderful* clementines in chocolate.

Jeroboams, 51 Elizabeth Street, London SW1W 9PP. Tel: 071-823 5623, fax: 071-823 5722. A stunning collection of some of *the world*'s finest cheeses.

James & John Graham Ltd, Market Square, Penrith, Cumbria CA11 7BS. Tel: 0768-62281, fax: 0768-67941. Traditional Cumbrian cheeses *and hams* even a Borders Ramblers cake with sultanas, walnuts and whisky.

J G Quicke & Partners, Woodley, Newton St Cyres, Exeter EX5 5BT. Tel: 0392 851222, fax: 0392-851382. Tip top Cheddar.

Neals Yard Dairy, 17, Short's Gardens, London WC2H 9AJ. *Tel: 071-379 7646*, fax: *071-240* 2442. The widest selection of British and Irish farmhouse cheeses which converts even the top French chefs.

Paxton & Whitfield, 93 *Jermyn Street*, London SW1 6JE. Tel: 071-930 0259, fax: 071-358 9556. Stilton, Cheddar and hams by post.

Pugsons Food and Wine, Cliff House, 6 Terrace Road, Buxton, Derbyshire SK17 6DR. Tel: 0298-77696, fax: 0298-72381. An interesting range of wines and cheeses, including small truckles of *Lancashire*, Cheddar and Stilton.

The Fine Cheese Company. Shops at 29, Walcot Street, Bath BA1 5BL. Tel: 0225-483407) and 5 Regent Street, Cheltenham GL50 1HE. Tel: 0242-255022.

Ticklemore Cheese Shop, 1 Ticklemore Street, Totnes, Devon TQ9 5EJ. Tel: *0803-865926. Devon Blue*, *Blue* Vinney, Sharpham and a range of Farmhouse Cheddars.

HERBS, MUSHROOMS and HONEY. Carluccio's, 28A Neal Street, London WC2H 9PS. Tel 071-240 1487, fax: 071-497 1361. The wild mushrooms specialist but a stunning range of Italian delicacies and hampers, too.

Exeter Bee *Supplies*, Exeter Road Industrial Estate, Exeter Road, Okehampton, Devon EX20 1QA. Tel: 0837-54084, fax: 0837-54085. An indispensible *catalogue for those* keen to make their own honey.

Heaven Scent Herbs, Pound Cottage, Pound Lane, Bridfod, Exeter, Devon EX6 7HR. Tel: 0363-777754. A lovely English collection of 21 handmade mustards, pot pourri reviver oils and herb pillows.

Herbary Prickwillow, Mile End, Prickwillow, Ely, Cambridgeshire *CB7 4SJ*. Tel: 0353-88456, fax: 0353-88451 for herbs, edible flowers and herb plants.

Iden Croft Herbs, Frittenden Road, Staplehurst, Kent TN12 0DH. Tel: 0580-891432, fax: 0580-892416 for Rosemary Titterington's delightful range of herbs and alpines.

Les Fines Herbes, 8 St. *Mary's Hill*, Stamford, Lincolnshire PE9 2DP. Tel/fax: 0780-57381. Fruit, flower and herb vinegars and jellies.

Mycologue, 47 Spencer Rise, London NW5 1AR. Tel: 071-485 7063, fax: 071-284 4058. A catalogue of products for the keen mushroom collector.

Taste of the Wild, 65 Overstrand Mansions, Prince of Wales Drive, London SW11 4EX. Tel: 071-720 0688, fax: 071-498 7344. Wild mushroom gift packs – *ceps, girolles* or *pieds de mouton* – and truffles.

COFFEE, TEAS, CAKES and CHOCOLATES. Ackermans Chocolates, 9 Goldhurst Terrace, London NW6 3HX. Tel: 071-642 2742. A wonderful source of all things chocolate, especially chocolate zebras, lions and teddy bears for stocking fillers.

Algerian Coffee Stores Ltd, 52 Old Compton Street, *London*. Tel: 071-437 2480, fax: 071-437 5470. Excellent teas and coffees and, from Calabria in Italy, the most delicious chocolate-coated figs.

Bagatelle, 44, Harrington Road, London SW7. Tel: 071-581 1551. For all Christmas sweetmeats, breads and patisserie, *à la française*.

Betty's, Pagoda House, Prospect Road, Harrogate, North Yorkshire HG2 7NX. Tel: 0423-886055, fax: 0423-881083. A full range of teas and coffees and something for anyone with a sweet tooth.

Melchior, Chittlehampton, Devon EX37 9QL. Tel: 0769-540643. Truffles, pralines, chocolate liqueurs and Christmas chocolate novelties hand made by the Swiss Carlo Melchior.

Monmouth Coffee Company, 27 Monmouth Street, London WC2H 9DD. tel: 071-836 5272, *fax: 071-379-3801. Arabica* coffees from around the world and gift boxes.

Meg Rivers Cakes, Middle Ysoe, Warwickshire CV35 0SE. Tel: 0295-688101, fax: 0295-680799. Christmas fruit mince, cakes and puddings and, this year, an iced Christmas cakes, posted worldwide. Also a monthly cake club.

Rococo Chocolates, 321 Kings Road, London SW3 5EP. Tel: 071-352 5857, fax: 071-352 7360. Traditional English hand dipped chocolates in 36 flavours.

Sara Jayne, 517 Old York Road, Wandsworth, London SW18 1TS. Tel: 081-874 8500, fax: 081-874 8575, for stunning, generous truffles.

Sarah Nelson's Grasmere Gingerbread Shop, Grasmere, Cumbria LA22 9SW. Tel: 05394-35428. Another British delicacy made to a secret recipe.

The Chocolate Society, Norwood Bottom Farm, Norwood Bottom, West Yorkshire, LS21 2RA. Tel: 0943-851101, fax: 0943-468199. The finest cooking and eating chocolate and many other things for the chocoholic.

The Toffee Shop, 7 Brunswick Road, Penrith, Cumbria CA11 7LU. Tel: 0768-62008. Finest British *fudge*.

The Village Bakery, Melmerby, Cumbria CA10 1HE. Tel: 0768-881515, fax: 0768-881848. Christmas cakes, puddings, hampers, Cumberland Rum Nicky and, more surprisingly, delicious Russian sourdough bread. Now also offering bakery courses that would make good gifts.

OLIVE OILS/MISCELLANEOUS. Berrydales, 5 Lawn Road, London NW3 2XS. Tel: 071-722 2866, fax: 071-722 7685. Christmas recipes, advice and ingredients for those on restricted diets.

Brindisa, Winchester Square, Winchester Walk, London SE1 9AG. Tel: 071-403 0282, fax: 071-403 5044, for cheeses from Spain, *olive* oils and spicy chorizo sausages.

Clark Trading Co, 17, Southbourne Road, Lee, London, SE12 8LH. Tel: 081-297 9937, fax: 081-297 9993. *Foie gras*, truffles, carnaroli rice for risotto – even a truffle slicer.

Divertimenti, PO Box 323, Yateley, Camberley, Surrey GU17 7ZA. Tel: 0252-861212, fax: 0252-876770. A stylish catalogue of equipment and produce for the discerning chef.

The Oil Merchant, 47 Ashcurch Road, London W12 9BU. Tel: 081-740 1335, fax: 081-740 1319. An extensive range of olive oils from around the world, including California's *finest*. *Italian balsamic* vinegar, Rizzoli anchovies and sardines, pastes and various sauces.

Morel Bros, Cobbett & Son, Unit 1, 50, Sulivan Road, London SW6 3DX. Tel: 071-384 3345, fax: 071-384 3123. Olive oils, truffles, relishes, Weiss chocolates and more.

Randall & Aubin, 16 Brewer *Street, London W1. Tel: 071-437* 3507, fax *071-379* 3532. A revitalised, old fashioned butcher and game dealer which also stocks oils, vinegars and dressings.

The Scottish Gourmet, Thistle Mill, Station Road, Biggar ML12 6LP. Tel: 0899-21001, fax: 0899-20456. Annual subscription £9.95 for newsletters and the best of Scottish produce.

Taylor and Lake, 44-54, Stewarts Road, Wandsworth, London SW8 4DF. Tel: 071-622 9156, fax: 071-622 0696. A tip-top range of oils, vinegars and pastes as well as sun-dried tomatoes, capers and sauces.

The Wiltshire Tracklement Company, High Street, Sherston, *Malmesbury*, *Wiltshire* SN16 0LQ. Tel: 0666-840851, fax: 0666-840022. A delicious range of different mustards, condiments and jellies for all dishes.

Winecellars, 153-155 Wandsworth High Street, London SW18 4JB. Tel: 081-871 3979, fax: 081-874 8380. Italian olive oils and balsamic vinegar, amaretti biscuits, and a range of stoneground flours including pasta and chestnut flours.

Wine

Books for tipplers

The Larousse Encyclopedia of Wine, edited by Christopher Foulkes (Larousse, £30, 608 pages) invites comparison with the near-simultaneously published *Oxford Companion to Wine* by the *FT's* Jancis Robinson, reviewed here in October.

But, the main value of the encyclopedia is as a manual and directly instructional work, essentially based on the wine countries of the world rather than an alphabetically planned reference work on a highly-detailed scale.

After introductory pages on how it is organised, and an encouraging article by Michael Broadbent on how to enjoy wine, a long section starts with a brief history of wine and its varying production and ends with information on how to decant and serve wine, along with matching wine with food.

Most of the rest of this solid volume is devoted to the wine countries, their regions, districts and appellations where these exist.

France occupies 175 pages, the new world nearly 100. Short notes are provided on the leading, recommended growers. The articles are nearly all by British wine writers, listed at the end. The more *lengthy contributions deserve* more individual identification. The maps are excellent and the volume is competently produced: a useful work for the aspirant wine amateur and also for the more sophisticated drinker, looking perhaps for unknown wines, particularly in the New World.

In 1971 I reviewed here – and have retained the original edition – of Hugh Johnson's *World Atlas of Wine*. So I am able to see in the new fourth edition, (Mitchell Beasley, £30, 320 *pages*) the great difference time and the development of wine production throughout the world have made in the intervening years, during which two further editions have been produced and a total of 7m copies sold.

More than any other single wine book it has not only increased interest in wine but also demand. For, 23 years ago, supermarkets and off-licences that now sell most of wine in the UK, were in their infancy. (Marks & Spencer started selling wine in 1973).

More pictorially orientated than the *Larousse*, it contains all the essential information on the history and making of wine throughout the world, but also *notes on looking after wine*, serving and best temperature.

In the persistent argument on the relative importance of *terroir* versus grape variety, largely supported in the New World, Hugh Johnson is firmly on the side of *terroir*, for which he argues cogently.

The maps have been amplified and more clearly defined. France takes up the biggest wine-country section, with 89 pages, and is described in great detail and is well mapped.

Germany, often undervalued, is well covered, but parts of Italy might have been alloted more space. Barolo – king of wines according to Italians – and Barbaresco are worth more than a page. Also, the leading *vino da tavola* contains 20 per cent Cabernet-Sauvignon not 10 per cent, and was first put on the market in 1971 not 1878. But these are tiny blemishes for a work that will certainly run into further editions and which can be fairly described as indispensable to all those seriously interested in wine.

Ch Haut-Brion was probably the first of what later became the first-growth clarets of Bordeaux. Mentioned initially by Samuel Pepys in 1663, it has been the only château to lack an individual account. Unlike the books on Lafite, Latour and Margaux that were written by wine-writers, Haut-Brion (Faber & Faber, hardback £25, 258 pages, paperback £9.99) it is by an academic author, Asa Briggs.

He appears to have believed *it* necessary to intermingle the story of Bordeaux and its wine trade with that of the château, and this pads it out. It is planned in a confusing way, with early chapters on the place, the soil, the growers and wine, while leaving until later the main history of the families who owned it – from the Pontacs and the Fumels to the

> 'A jeroboam of a book whereas a magnum would have sufficed'

Dillons. Then, near the end, there is an odd chapter, entitled "Times & Seasons", which contains a good *deal* of *history*. Nothing is omitted, including an account of La Mission-Haut-Brion, acquired in 1983, but it is perhaps a jeroboam of a book whereas a magnum would have sufficed.

The undeniable complexity of wine and wine drinking makes many introductory books boring as they attempt, in a manner often hard to absorb, its many facets.

But, with well-chosen, often specially commissioned illustrations and a clear text, *Joanna Simon's Discovering Wine* (Mitchell Beazley, £14.99, 160 pages) succeeds. It begins at the right point: on how to taste, serve, fit in with various foods and when to drink at maturity. This section is enhanced by attractive pictures of the author.

Then follows a section on how wine is made, with particular attention to different grape varieties. After this follows an informative tour, well-illustrated, of the world's wine regions.

Published in hardback in the mid-1980s, but now available in paperback, *The Book of Wine Antiques* by Robin Butler and Gillian Walkling (Antique Collectors' Club, £19.95, 286 *pages*) provides a highly informative guide to items such as decanters, wine funnels, corkscrews, tasters and coasters that may *contribute to the pleasures* of the table. There are also chapters on antique drinking glasses and bottle holders. Some 52 illustrations are in colour and 306 *in black and white*.

Edmund Penning-Rowsell

SPORT

Rugby

Backs to the future

Last line of defence or key man in attack? **Derek Wyatt** looks at number 15s

This afternoon at Murrayfield, the old fullback meets the new. The old is Gavin Hastings, who seems to have been playing for ever. In the past two years he has lost a yard or two of pace and has become a defensive fullback still trying hard to play an attacking game.

Hastings will summon all his strength to stop yet another Scottish defeat. He will try and orchestrate moves that centre on him. He believes he should lead by example. Hastings, when isolated, kicks the ball in the air in the forlorn hope that something will come of it.

The new is South African full back André Joubert who, by sharp contrast, is at the top of his form. That makes him the best fullback in the world. He is a challenging player, versatile, arrogant, pacy, with a basketball player's handling abilities. He also has that rare instinct for try-scoring. Opponents have not yet exploited his left-footed kicking or his head-on tackling. On this tour his confidence has developed so much that it is difficult to see anyone taking his place.

In the northern hemisphere, the modern fullback dates from 1967. That was the year when the Australian dispensation law was accepted by everyone. That law stopped players from kicking directly into touch from outside their own 22-metre line. Fullbacks had to kick less and run more. In the intervening years the northern hemisphere has produced only a handful of players who have mastered all aspects of modern play in the position.

In 1967, the Australian side of Ken Catchpole with Phil Hawthorne at halfback and the big burly, running fullback, Jim Lenehan, beat England conclusively at Twickenham by 23-11. Lenehan was the first modern full-back I had seen play. Four years earlier, my father had come home from work to tell me that the 1963 All Blacks would be training at the Honorary Artillery Company's ground a stone's throw or two from Liverpool Street station. He suggested I "went ill from school" (I was 13 at the time) and travel up with him.

If I had known the word "awesome" then, that is how *I* would have described the day to my peers in the under-14 rugby team at Westcliff High School. I watched Don Clarke. I watched him kick goal after goal from absolutely every position on the park. He appeared to do it with any and every size of football – most caked in mud. He was totally unfazed.

Clarke was the last of the dinosaur fullbacks. He was there purely for his ability to kick goals and make last-ditch tackles. His style of kicking was of the old school. He would place the ball upright and kick it just below the half-way mark of the seam. His run-up was barely five paces.

Many will feel that JPR Williams, the Welsh fullback, was his equal in the modern game. He was thought to be one of the great running fullbacks. JPR was sensational at collecting kicks and running them back at the opposition (although his kicking out of hand was lamentable). The trouble was that he found running into the line to make the extra man, to release the mercurial Gerald Davies or the quick-silver JJ Williams, sometimes difficult to fathom.

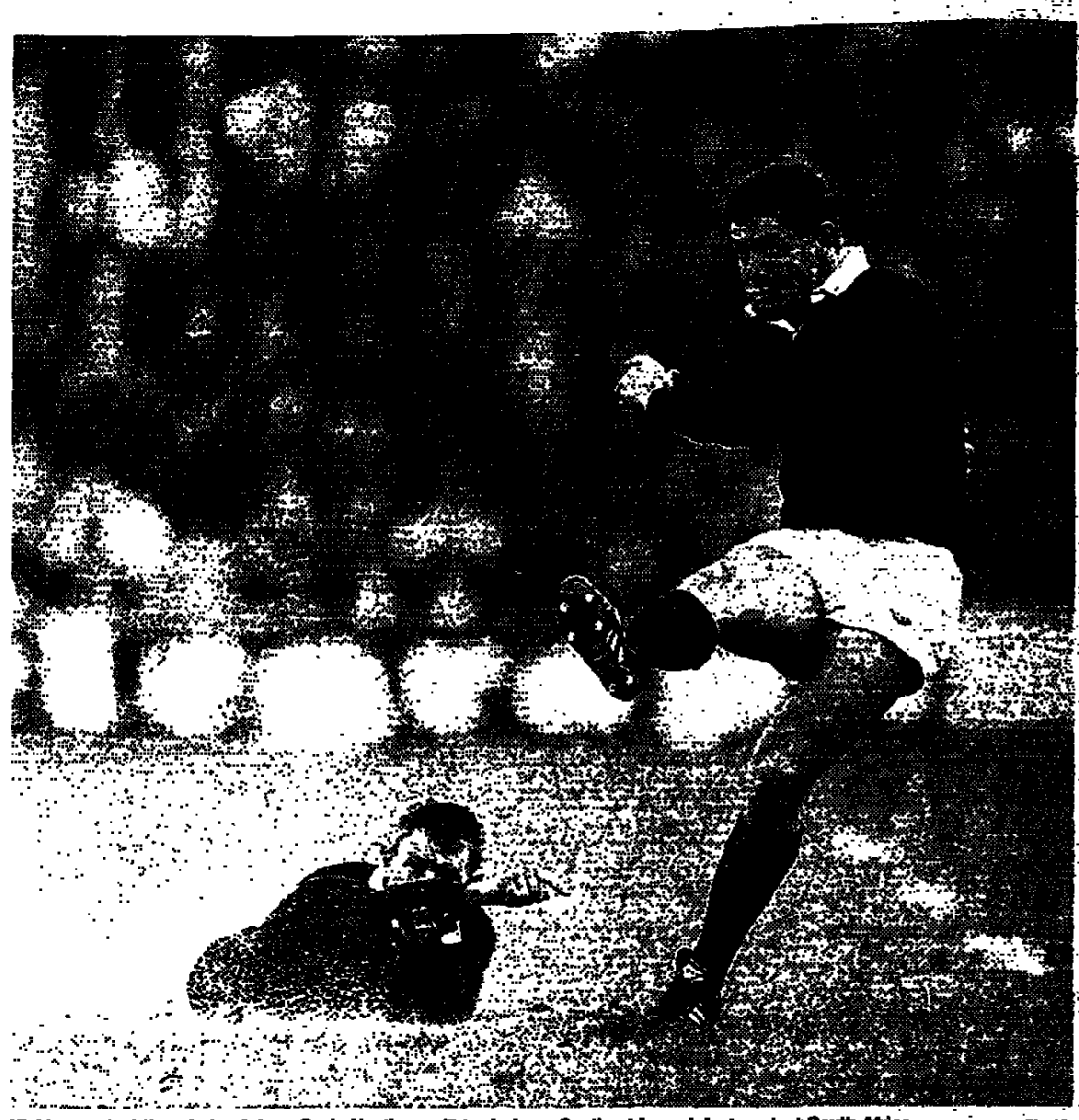
JPR was not alone. Many players who enjoyed some fame at fullback – Dusty Hare, Hugo MacNeill, Paul Thorburn, Marcus Rose, Gwyn Evans and Peter Dods – never mastered this art. Three who did were Andy Irvine, Serge Blanco and someone you have probably not heard much about, Jimmy Waterman, of Oxford University and Bath.

Irvine had everything: vision, pace, athleticism, nerve, majesty, grace and tremendous mental strength. He was the first of the complete fullbacks. His rival at international level was Serge Blanco. Blanco had electrifying speed when he burst on to the scene in 1983. He also possessed a Corinthian attitude to the game which became slightly twisted as he grew older and contemplated giving up cigarettes or the game or both. His demeanour against the English at Twickenham was often suspect. Yet he was brilliant. The game misses him.

I played with or against most of these players. Waterman was the best at judging when to come into the line to make the extra man and the best at releasing the ball for the wing to gallop over for a try. In the west country he is an unsung hero. He proved that you do not need searing pace, you need timing.

Of the current crop of British fullbacks, three stand out: Mike Rayer, Anthony Clement and Paul Hull. Rayer has Waterman's timing, Clement is a joy to watch, the complete player; the Welsh are blessed with such a choice. Paul Hull is the first modern fullback the England team has had. He has poise and skill. Last weekend, when he played for England against Romania, his pace and line of attack were too much for the Underwood brothers; an indication that England must change their wing-threequarters if Hull is to blossom.

But, the best modern fullback will not be in action today. He is playing at Elland Road tomorrow afternoon for the Kangaroos against against the Great Britain rugby league team. He is Brett Mullins. Mullins has JPR's strength, Blanco's vision, Irvine's flair and Joubert's skills. He is awesome.



Kicking against the winds of time: Gavin Hastings will try to keep Scotland from defeat against South Africa Glyn Kirk

Golf

The art of dealing yourself an ace

A golfer in America scored his first hole in one last week at the age of 79. It all proved too much. He accepted the congratulations of his playing partners, drove off from the next tee, and then collapsed and died. This must sound a sad story to non-golfers but those readers who play the Royal and Ancient sport will sigh to themselves and say: "What a splendid way to go."

A hole in one represents a momentous occasion in any golfer's life. It clearly signifies the completion of a perfect shot in a sport where perfection is, to an overwhelming degree, unattainable. But here is the paradox: whereas in every other sport the more accomplished a person is the closer to perfection they get, in golf it does not work that way.

Harry Vardon, who won the Open Championship more times than anyone else, hit just a single hole-in-one: while recuperating in Norfolk from a long illness.

Fred Couples has built a reputation for playing exciting golf and, when he is on form, no-one plays more aggressively or hits the ball closer to the hole.

Couples achieved his first hole-in-one two weeks ago during the last round of the Lincoln Kapalua International in Hawaii. He went on to win the tournament by two strokes.

This ace demonstrated the part that luck plays. A 30 mph wind was blowing across the course. Couples aimed for the left edge of the green and then watched the wind blow the ball back towards the hole. It pitched on the front of the green and rolled 20 yards before hitting the pin and falling below ground.

"It was almost as shocking as watching George Foreman win the previous night," Couples said.

That weekend Mancil Davis, the president of the National Hole-in-One Association, was preparing to set up shop at the European Golf Trade Exhibition in Birmingham.

This 6ft 2in Texan has never had any trouble getting those "lil' holes-in-one". He has had 50 in competitions alone, although, curiously, none since taking over as president of the association two years ago.

Davis once caddied for Tom Weiskopf and admits that is the closest he has ever got to top-class golf. "My regular shots aren't great and I can hardly manage a putt," he says cheerfully.

Is it all luck?

"If you're right then I'm an exceptionally lucky guy. All that I can tell you is that as soon as I strike a ball I know whether it's going to be a hole in one. It's always been – that way since my first at the age of 12. I call it an ability to run a movie in my mind. I have this Red Indian ancestry and I don't know whether there might be such a thing as kinetic power.

"Scientists have studied me and sports psychologists have studied me. I've been wired up and I've been monitored and these guys have discovered that as I'm about to hit a hole-in-one, there is a distinctive change in my brain waves."

The *Golfer's Handbook* is full of weird and wonderful stories about holes-in-one at odds that make winning this evening's first UK National Lottery prize seem straightforward.

After a lifetime of golf, Rev Harold Snider scored his first hole-in-one at 75 on the eighth hole of the Ironwood course near Phoenix. He then scored his second at the 13th and his third at the 14th.

Tom Doty, assistant professional at a course near Chicago, once played four holes in 10 under par, with two holes-in-one sandwiched neatly by an eagle and an albatross.

The inappropriately-named John Putt of Frilford Heath had six holes-in-one in 1970 and three more the following year.

The golf writer, Henry Longhurst, achieved the highly unusual feat of holing two consecutive shots with a mashie (a rough equivalent of a five iron), without putting it back into his bag. It happened at Letchworth, where he holed his approach to the long sixth, and then his tee shot to the short seventh.

Longhurst recalled: "Taking the same club for my second to the eighth I actually believed that I was more likely to hole out than not – such was the effect of the shock – while another part of my mind was saying: 'Later on you will be amazed that you could have thought what you are thinking now.' Doing five holes in 3, 3, 1, 4, 3, I was out in 30 and then became so frightened that I took 39 to come home. This did not stop me celebrating in five different towns.

Ah yes, the celebrations. These normally take the form of buying a round in the bar, which can be expensive, as Greg Norman discovered during the US Tour Championship at the Olympic Club in San Francisco last month. He holed in one at the eighth during the second round and bought drinks for everyone in the clubhouse. Back came the itemised bar tab for $18,413. It included $3 worth of soft drinks.

Clearly, the Olympic members were keen to observe the spirit of one of golf's great occasions.

Derek Lawrenson

Tennis

The best bows out

Just how good was she? That is the question everyone has been asking me. You know who we are talking about; Martina Navratilova, the 38-year-old Czech-born American who retired from singles on Tuesday in New York after two decades of unprecedented success that earned her more than $20m in prize money.

Let us get the numbers out of the way first. Starting with a win in Orlando in 1974, she collected 167 tournament titles including 18 at the Grand Slams: two in France, three in Australia, four in America and a record nine at Wimbledon. Only Helen Wills Moody (19), the great American of the 1930s, and Australia's Margaret Court (24) have won more but 11 of Court's wins were in Australia in an era when few players travelled down under. Martina won 55 Grand Slam titles in singles, doubles and mixed, just seven short of Court's 62.

What do the numbers tell us? First that Martina was not afraid to win, an affliction that assails more promising young players than you might imagine. When Martina first came to England in 1973, an athletic 17-year-old, she was representing Czechoslovakia in the BP Cup, an under-21 team event I organised for eight years during the winter.

In the final the Czechs played Britain, who had beaten them 2-1 in the round robin. In that tie Martina had lost to Glynis Coles. In the second rubber of the final Martina faced Veronica Burton, four years her senior. Burton led 7-6 4-1 but Navratilova, attacking the baseliner with a fearless disregard for her accurate passing shots, won the next five games to win the second set and took the decider 6-4. Martina then had her revenge against Coles to clinch the tie.

It was obvious that Martina loved competing. She had the natural serve-and-volley game so few women perfect. She was strong and fast. Her forehand and serve, both beautifully timed, were her winning weapons but her backhand was vulnerable. It was a sliced shot, rather like that of another Czech left-hander, Jaroslav Drobny. Unlike Drobny, Martina added a topspin backhand to her repertoire with the help of Renee Richards who coached her from 1981 to 1983.

Ever the perfectionist, Martina realised that she needed expert help to eradicate weaknesses. One of those was a love of rich foods. On that first visit to Torquay, Dan Maskell and I drove the Czechs round to show them the sights. We thought they would like to visit Mike Sangster's sports shop. All they wanted was to sample the local ice-cream.

Junk food was a problem for Martina following her defection to the US in 1975. During those first years in America Martina indulged herself. Freedom went to her head ... and to her waistline. She became engaged in a succession of lesbian relationships that did nothing to enhance her image.

To improve her fitness she turned to Nancy Lieberman, a basketball star, who made Martina aware of the sacrifices athletes must make. Martina was prepared to make them. She became one of the fittest, best trained athletes in the world.

Her results proved it. For five years, between 1982 and 1986, Martina ruled the game losing only 14 matches. The match I remember as the peak of her career was the final of the French Open in 1984. On slow European clay, the surface that least favoured her game, and against her old friend and rival Chris Evert she contrived a 6-3 6-1 win that wasspellbinding in its efficiency.

Aided by a succession of coaches, Martina prolonged her career with typical tenacity. Hard as she tried, a 10th title at her beloved Wimbledon eluded her this year. As she left the court to a standing ovation she knew that her decision to make this her last season of singles had been right.

My lasting memory will be of that first Wimbledon win in 1978 when Martina beat Evert 7-5 in the final set. Her parents, unable to get a visa, were watching on TV at a friend's house near the German border. Martina was a lonely figure, still not sure of her place in the universe. The look of joy and relief on her face as she shook hands is etched on my mind. Martina knew at last that she was a true champion. Time to answer the question. How good was she? The best.

John Barrett

TRAVEL

Conversations with a very Canadian dog

Nicholas Woodsworth takes a philosophical canoe journey down the Gatineau river

It is autumn, perhaps the most beautiful time of year in Canada, and I am trying to enjoy the lovely autumn weather in peace. But my temporary guide and companion, Jenny, is determined to give me a cultural as well as scenic tour of the area. Once she gets an idea in her head she does tend to rattle on.

"The Canadian character", she is saying, "has over the years become a sort of jokey cliche even among Canadians themselves." I sit back, as much as one can sit back in a canoe, and wait for the rest. On the foibles of human character Jenny is outspoken.

"Our souls are preoccupied with an endless search for something called 'the Canadian identity'. Domestically, we tie ourselves into knots with political quibbling of the most literal sort; never mind if something is going to work or not - 'is it constitutional?' we want to know. And when we want to make our mark globally, we join some hopeless, doomed UN humanitarian effort. We are well-intentioned and civic-minded. We are pleasant and wholesome. We are dull. Do we make the most of this country? No, we do not."

Now, I cannot be sure that Jenny is really saying these things, because Jenny is a dog. A golden retriever, to be precise. However intelligent and communicative retrievers are, no one could be blamed for having doubts about a dog's ability to pass judgment on national developments. Besides, Jenny is 12 years old and, I fear, getting a bit beyond it – she has arthritis in her legs, for which she takes an aspirin every day. Goodness knows how sound her ideas might be.

But try it yourself, and you will see. Sit alone with a dog in a canoe on a river in the Canadian wilderness for a few days, surrounded only by sighing boughs and whispering bullrushes. After a while you cannot be sure what you are really hearing and what you are merely imagining.

However fanciful Jenny's notions of Canada may be, she is certainly more aware of what is going on here than I.

> Canadians are going at each other more blindly than any dogs and cats

Although I am nominally Canadian, I have been away so many years I have almost forgotten what this vast northern country is all about. Now, on a short visit back to my parent's home on the Gatineau River, I am trying to pick up the traces.

Jenny, on the other hand, knows the country well – she spends her summers cavorting about the water chasing ducks and playing dangerous games with porcupines, her winters lolloping down snowy trails on the river's frozen surface.

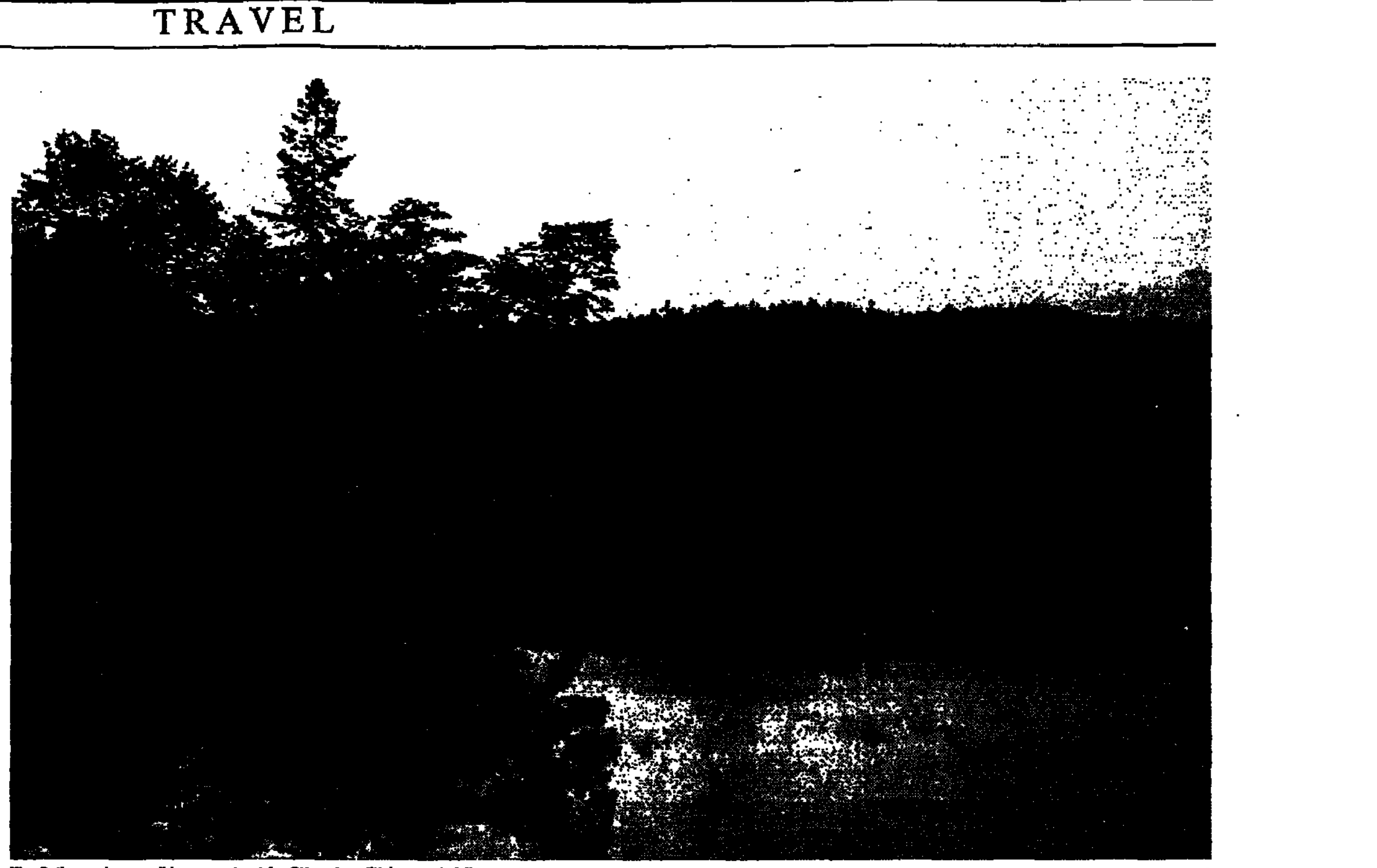
So every morning now I walk down to the woodshed where Jenny sits watching my father stack cords of birch and maple for the coming winter, and I borrow her. She may be old, but those cocked ears, that eyebrow semaphore, that twitching and investigative nose reveal Jenny as an acute and experienced observer of the local scene. What source, human or animal, could better inform my slow-drifting, paddle-dripping musings on what it is to be Canadian?

"I doubt the *Parti Quebecois* could win an independence referendum next year", Jenny opines during a quiet moment as we sit immobile in the reeds one afternoon, watching dragonflies make aircraft-carrier landings on a floating log. "But frankly", she adds darkly, "I am afraid there are other ways of forcing the issue."

Where does an outdoor dog like Jenny, at home in the great wilderness spaces, get hold of her ideas, you might be asking. The extraordinary thing about the Gatineau River, wild and unspoiled as it is, is that it sits just 15 minutes drive from Ottawa – capital of the country and nerve-centre of its national debates and gossip.

Jenny does not even have to wander from the Gatineau hills down to the House of Commons cafeteria to pick up the most recent gossip on the greatest Canadian debate of all – the long-running and now fast-growing argument over French Canada's place in the nation. Nor is speculation about Quebec's secession from Canada – a move promised by the province's party in power, the *Parti Quebecois* – far from her inquiring ear.

For the Gatineau, itself just inside the Quebec provincial border, is the preferred home of senior Ottawa civil servants, government speech writers, party spin-doctors, parliamentary journalists and electronic media types. Each evening they retreat from the city to well-appointed cottages, cabins and country homes scattered in the woods along the river banks, not far from the hurly-burly but far enough that racoons still make a mess of the garbage.



The Gatineau river: a wilderness retreat for Ottawa's politicians and civil servants

Britstock/IFA

All Jenny has to do is wander about on a Saturday morning back-door-begging from deputy ministers' wives. Along with the tit-bits she receives – she likes a nice piece of bacon – she is also likely to pick up some juicy political fat to chew on.

Jenny, though, has fundamentally different views from most of Canada's politicians. "What a pathetic lot they are", she whines as one day we paddle off the broad Gatineau and up Blackburn's Creek. It is a sinuous, swampy, forest-lined waterway, home to beavers, loons, muskrats and other Canadian things, and just the sort of place Jenny loves.

"Take a look around!" she launches in. "Here we are, a G-7 nation, one of the most industrialised and prosperous countries in the world, and we're still fortunate enough to have all this. Name me one country in the world where unspoiled nature sits on the capital city's doorstep?" Jenny is beginning to get over-excited, although the sight of a flock of merganser ducks feeding not far away may have something to do with it.

"Can Canadian politicians possibly have their eyes open?" Her big pink tongue lolls with agitation. "Do they travel? Do they read? Do they ever switch over from "Hockey Night in Canada" to the CBC news? Do they have any idea of how difficult, dirty, strife-torn, poverty-ridden, over-crowded, under-privileged, race-divided, environmentally-ravaged and generally miserable life can be elsewhere on the planet?

Jenny pants, out of breath. "I doubt it." She pauses to lean over the gunnel and lap a bit of creek water, then starts in again.

"If they did, they would be out here enjoying what Canada has to offer instead of threatening to tear the country apart. Do you realise you could put France, the largest nation in western Europe, three times into the province of Quebec alone? Dogs and cats aside, there are just 28m inhabitants in the second-largest country in the world! There is more clean water, more resources, more space than most people could imagine. Yet Canadians, French and English, are going at each other more blindly than any dogs and cats. Behind the mild-mannered image are some very spoiled, selfish and stubborn people. If Canadians aren't careful, they are going to lose everything."

Well, after that tongue-lashing we both shut up for a while and simply drift down the river. We feel somewhat ashamed, she for her outburst, I for our national failings.

Instead we gaze at the weathered, pinky pre-Cambrian granite that fronts the water; at brilliant blue kingfishers dropping like stones after unsuspecting fish; at autumn trees along the banks, bursts of red, yellow, vermilion flame; at the V made by a beaver as it swims through quiet water; at another V, high in the sky, of geese heading south. And after a while, lulled and soothed by these things, we feel better.

"You know", sighs Jenny, "the Group of Seven – the closest thing Canada ever had to a post-impressionist painting school – believed a sense of national unity could be fostered by a sense of the land. So they painted magnificent landscapes of all the things we enjoy looking at. Very rugged and wild, very Canadian their tableaux were.

"I know what you mean, Jenny", I say, only half listening. I am thinking about the sharp nip I can feel in the air, and imagining the fierce Canadian winter that is not far away now.

"As far as I am concerned, it is the climate, not cultural differences, that is the country's biggest drawback.

"Six months of snow and six months of hard sledding", I tease Jenny as I turn the canoe around and begin the long paddle home.

"There's nothing to it", she growls, settling down for a snooze with her nose under her tail. "Just wear a warm coat, like I do."

Paris match, Breton-style

It strikes me as odd that a bride should take a pair of scissors and cut up her dress at her wedding reception. Could it be that this is the essential difference between a French and a British wedding?

But there are other distinctions to be considered. I was at the marriage of a young Parisian couple in Trégrom, a village in Brittany's Côtes d'Armor. Formality was shunned. They were married by a farmer, the groom doubled up as a car park attendant, there were no boring speeches and no wedding cake.

"Le mariage" is a non-secular affair across France, signed and sealed in 10 minutes at the town hall. In Trégrom, the mayor is a farmer so it was his job to rubber- stamp this occasion.

But Trégrom's chunky grey stone 15th century church did have a role to play – if only to provide a fine photo opportunity for camera-laden guests.

The bride, a literature student at the Sorbonne, her stylish white halter-neck bodice and flouncy, full-length layered dress still intact, wandered down the aisle unannounced while her husband, an engineer, finished a cigarette outside.

Just before the blessing the priest signalled to those with cameras to step up to the altar so that they might get a better view. I looked round the church: the 100-strong congregation wore mostly casual dress. Some wore colourful suits, but there were few hats and no tails.

A Breton pipe band, called the Sons of Plouaret – a trio of chubby pensioners from a nearby town with ruddy, smiling faces – led the procession from the church playing.

The next time I saw the groom he was standing in a wet field. We had been part of a convoy of cars which had weaved its way through tiny country lanes to the reception. In keeping with French tradition we tooted our horns at anything that moved: an oncoming tractor, nonchalant farmers, hyperactive sheep dogs and grazing cows.

The convoy halted sharply. We had arrived. It was chaos. Too many cars and not enough field. And there was the groom, arms waving, directing cars into hedgerows.

Meanwhile, an apparently unperturbed chef was sitting in a pit roasting a pig on a spit.

We were in a romantic valley at a large converted 15th century mill house, owned by the bridegroom's family. The river Léguer flows through forest turning a huge, wooden water wheel.

Another English guest asked me: "Do you think this is going to be like one of those French films where you find clandestine couples in every corner?"

I could find no evidence of free love but plenty of free champagne. Enough to occupy 200 guests for two hours. But something was definitely going on in the mushroom house. A psychedelic orgy? No, it was the venue for a sumptuous five-course feast.

This vast construction had been converted in to an ornate dining hall with a dance floor and bar at one end. Even the concrete floor was decorated – hand-painted by the bridegroom's youngest sister.

The happy couple sat with friends – elder family members were relegated to other tables. We ate ham, chicken pâté, salad with prawns, rice and salmon, the roasted pork, camembert and *chèvre*, chocolate *gâteaux* and redcurrant and blackcurrant mousse. It was drunk with copious quantities of Muscadet and Château Larcharas.

Whenever anyone felt like it, they jumped to their feet and burst into song. Most were rowdy, old school numbers I could not translate.

After the bridegroom had performed a tangled ceremony with several guests which involved drinking numerous glasses of red wine then wiping his mouth on their sleeves, the bride stood up and declared: *"Le marie est propre!"* This is a soul-cleansing exercise and not just an excuse to get inebriated. The bride turned to me adding: *"Il boit comme un trou!"* (he drinks like a hole).

I will not forget the scene at 5am. The bride was dancing freely in her adulterated wedding dress, cut to above the knee. A cluster of inebriated men were bobbing around with the remains of her skirt draped over their heads.

Chris Eales

BOOKS

From the dross of jingoism to the end of innocence

Why does the 'Great War' haunt us still? Is it, perversely, a form of envy for those who played that deadly game? asks Nigel Spivey

The survivors are a tiny and a quickly dwindling band: even those who lied about their age will now be tilting a century. Their experiences were terrible, but the years have not failed to trump one horror with others. No popular day of remembrance is demanded for Hiroshima, nor even for the Holocaust. And although the church services and poppy campaigns extend their appeals on the basis of the universal soldier, yet there is no doubt where the focus of our pieties is trained: upon that war which we stubbornly designate as "the Great".

Today marks the 89th anniversary of the end of the Battle of the Somme, the bloodiest battle in world history, with more than a million casualties and, in the wake of the annual rituals of Armistice observance, many – among the young, at least – might ask themselves: why does this "Great War" haunt us still?

A new book and a new museum supply the answer. Geoff Dyer's *The Missing of the Somme* is a curious book. It wants partly to be an extended scholarly essay on the process of remembrance, partly a rather rollicking account of a joint lads' outing to the Flanders battlefield sites, and partly a critique of Great War literature (including modern successes such as Sebastian Faulks' *Birdsong*). The author is not famous for his patriotic zeal. In fact, he begins with an exercise in debunking – pointing out how Scott's fatal expedition to the South Pole in 1910-12 was the project of an incompetent and irresponsible amateur, and how the British are so ridiculously clever at celebrating their military disasters (e.g. the Charge of the Light Brigade). Elsewhere, he is censorious about the nationalistic sentiments recorded by other visitors to the Flanders cemeteries, and like most modern young men his appetite for militarism is weak.

His own connection with the war is perhaps average: a grandfather, drafted from farm labour in the shires to tend horses behind the lines – but thankfully, no need to join the hunt for names on a headstone. The text is illustrated by some not very distinguished monotone shots of memorials in both France and at home. On the face of it, Dyer's little book does not look a promising work of enlightenment.

And yet *The Missing of the Somme* is a genuinely important means of understanding our own relationship with the Great War. What Dyer has done is articulate some very peculiar sentiments. Why should those so distant from that war feel so touched and absorbed by its topography, images and literature? Can it possibly – and perversely – be some sort of envy?

Undoubtedly there was a little patch of Europe which became a muddied microcosm, and those within its limits felt a world apart: on either side, feeling hardly any hatred towards each other, and reserving for themselves the special bonds of slang, satire and pure solicitude. It seems retrospectively that it was a mysticism of suffering that happened here, and an emotional commonwealth from which one can still feel slightly excluded.

So gazing over a cemetery such as Railway Hollow, "the Accrington Pals' Valhalla" in the Somme, one stops short of describing this as futility. And so even beneath the crazy six-figure statistics of daily casualties at the Somme, one's attention is arrested by anecdotes: of Captain Nevill, who led his platoon over the top by booting a football into No Man's Land and challenging his men to be first to dribble it into a German trench. The ball came back, but not Captain Nevill.

Whilst no one would ever want to actually join that deadly game, one can nevertheless harbour something akin to admiration for those old blood-brotherhoods – and understand why, when they had the opportunity to sit out the war in convalescence, some soldiers (like Wilfred Owen) actually chose to return. Dyer understands all this, and is accordingly more cheered by the cemeteries than dismayed: for in the phrase of Camus, feelingly quoted by Dyer at Beaumont-Hamel, "there are more things to admire in men than to despise".

THE MISSING OF THE SOMME
by Geoff Dyer
Hamish Hamilton £15.99, 157 pages

Edmund Blunden, marching down to the Somme in August 1916, recalled halcyon days, passing "through wooded uplands, under arcades of elms, past millstreams and red and white farms ... billets in clay-walled barns, and 'Café, monsieur' at any moment". To meet up with shattered battalions in a treeless mire of rain and rotting corpses was like the end of an age of innocence, the fading of the pastoral mode; and Geoff Dyer's meditations include, necessarily, the register (felt by many) that the 1914-18, in a century of change, marked the greatest of changes.

Life, at least in Britain, forfeited certain provincial, rustic rhythms that were irretrievable; and from the war seeped an elegaic tincture which we would never lose. Both the dross of jingoism and the buttress of optimism vanished: and not even the Battle of Britain would restore the old imperial confidence.

"I don't think these shell-shocked war poems will move our grandchildren greatly". Sir Henry Newbolt, writing in 1924, got it badly wrong. Wilfred Owen, Isaac Rosenberg and other Great War poets are now part of the school curriculum, and fixed in the repertoire of English classics. That their work created a poetics of scepticism about poetry's traditional beauty has had an incalculable effect not only on modern literary consciousness, but also upon the patriotic postures of us all. "The old lie" that it is noble to die for one's queen and country may still circulate in one or two high (or low) places; but we know that it is the sort of nationalism which, if indulged, would lead to the Balkanisation of all Europe. History is no longer on its side.

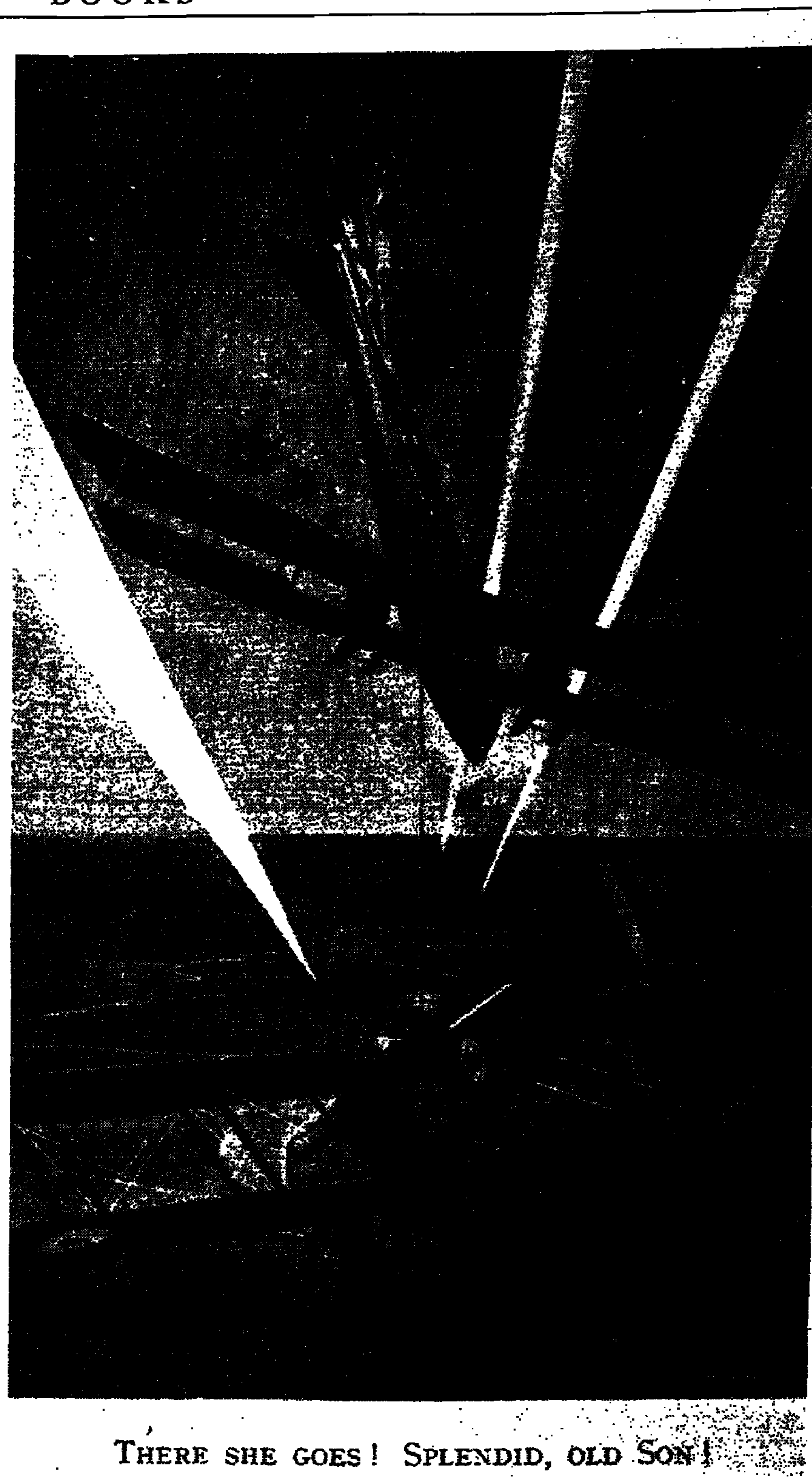
Proof of that, if it were needed, comes from a new museum: the Historial de la Grande Guerre, established at Peronne, in the centre of the Somme region, by the local Conseil Géneral. It is a much overdue enterprise: for although the cemeteries of Flanders are kept immaculately, almost unnervingly pristine, museums in the area have tended to be shabby and ad-hoc: as Geoff Dyer says of one of them (Hill 60, near Ypres), "it is as if Steptoe and Son have opened up their own branch of the Imperial War Museum".

The Historial at Peronne, by contrast, exudes professional touches at every point: well-located (near the old château), landscaped and custom-designed by Henri Ciriani, and impressively resourced, it describes itself as a "musée des mentalities", offering "a historiography of humanity at war". That is, it maintains a running comparison between the front line and conditions at home; and not only is it studiously neutral in its trilingual presentation of this material, but the wider involvement of colonial forces is fully reflected (thus Canadians, Australians, New Zealanders, South Africans, Indians, Egyptians and Chinese).

Though Peronne itself was under German occupation for most of the war, all around are the visitable battlefields: Longueval, Martinpuich, Thiepval and others. They have become part of an itinerary, like vineyards of the Cote d'Or; except here graves supplant the well-tended vines, and ploughed-up shrapnel fills the farmers' crates.

In the museum itself, the feeling that trench warfare belongs to prehistory is heightened here by the fact that film footage is constantly whirring away, yet none of it is truly documentary. Film crews were banned from the Front: the films that survive are all staged actions. By contrast to the surreal coverage of the Gulf War, or the absurd virtual reality of the "invasion" of Haiti – Marines landing before a barrage of lenses – this was, then, not only a Great War, but a Real War. And however much we might admit to heroising those who took part in it, the lesson of the Historial is not so much that "this must never happen again", but simply: "this will never happen again". As such, the Historial securely distances its visitors from the war it preserves for them. It reinforces Francis Fukuyama's hypothesis that history, understood as a chronicle of battles and national aggrandisement, no longer happens; and, less momentously, the Historial teaches Europe that the past dissonance of sovereignty is a wound which should assist, not impede, a federal continent.

■ *The Historial de la Grande Guerre is open throughout the year, at Place du Chateau, 80200 Peronne. Tel. 22.83.14.18.*



Dogfight dodges: an English ace downs his German adversary in the searchlights of the night sky. Artists such as Howard Leigh attempted to convey the aesthetic grace of aerial combat during the later stages of the first world war. Taken from Robert Wohl's "A Passion for Wings: Aviation and the Western Imagination 1908-1918" (Yale University Press), £25, 320 pages

Loafer's guide to the slack life

Nick Curtis reviews a novelty handbook for disaffected youth

Once we had the *Anarchist's Handbook*: now this jokey apathist's handbook sees the genre of novelty publishing hit new levels of disposability. Sarah Dunn's book will be given as a Christmas present by unimaginative friends and confined to the downstairs toilet before fetching up at the charity shop.

Although more care and intelligence has been lavished on this loafer's guide than is usual for a humorous book, its subject matter ensures a short (bathroom) shelf-life.

Americans invented slacking as a handy term for a lifestyle with no life or style, corralling the perennial traits of disaffected youth into a convenient 1990s phenomenon.

THE OFFICIAL SLACKER HANDBOOK
by Sarah Dunn
Abacus £6.99, 116 pages

Intellectual pretension and terminal laziness; a belief in conspiracy theories, unrealised artistic potential and in sponging off parents; bad clothes and bad haircuts. These predate the temporary label of "slacking" – I remember them all embarrassingly well – and will outlive it.

Slacking is a glitch in the sociology of youth culture, and Dunn's book slouches onto a bandwagon that began with Richard Linklater's film *Slacker* and is already grinding to a halt.

To correspond with its subject matter, the Handbook (presumably rendered "Official" by an endorsement from Linklater) is thematically and graphically all over the place, styled with a deliberate cut-and-paste sloppiness. Dunn is at her best when studying the supposed historical basis for full-fledged slacking, co-opting Socrates, Hamlet, Buddha and Jesus as prototypes in the pantheon of goofing off.

Second best is slacker style, with its tips on attaining functionally insane hair ("submit to angry drunken girlfriends armed with prinking shears") and the history of the goatee beard.

Thereafter, Dunn's occasional flashes of incisive humour are swamped by too many multiple-choice quizzes and flow charts on slack sex and slacker jobs. The chapters on intellectual posturing are dull, although the conspiracy theories are fun. The promised chapter on how to make hallucinogenic drugs from household chemicals proves to be a fib, by the way.

Dunn has a witty command of contemporary phraseology, but her book is unworthy of it. Like "Generation", and "The Blank Generation", "Slacking" will soon be confined to the scrapheap of labels pressed into service to classify the seemingly unclassifiable post-1980s, late-20s, dissolute youth culture.

The strain of *The Official Slacker Handbook's* false premise shows. The most delicious irony, of course, is that no serious slacker wannabe would ever find the time to read it.

Paris, the place of imagination

Proust would have approved: A.C. Grayling describes a city alive with history and literature

One of Proust's characters reports that he was made to play in the Champs Elysées as a child, and hated it. "If only I had first read about it in a book!" he in effect says, thus claiming that to know and appreciate Paris best, one has to approach it through literature and history. For Paris is, more than any other city, a place of imagination; it comes most vividly awake to those who know the stories told by almost every one of its stones.

These two books tell such stories. They perform similar tasks on different epochs and aspects of Parisian history: Rupert Christiansen displays six tumultuous, crowded and disastrous years at the end of the Second Empire, 1869 to 1875, while James Campbell portrays 14 recent years of expatriate literary life in Paris, 1946 to 1960. It is the same Paris in each case, serving not merely as a decorative backdrop to the action, but as the theatre where the events described were alone made possible. In each case the tight time-scale and richness of detail makes for utterly absorbing reading.

Christiansen's subject is the catastrophic end of Napoleon III's great imperial dream. There is something half-touching about the liberal-minded but vacillating Emperor at last beginning to institute long-promised reforms, only to make the terrible mistake of going to war against Prussia and suffering swift defeat and therefore his throne. Prussia's army besieged Paris, forcing surrender; the Parisians' sufferings helped demolish the last traces of civil order, result-

TALES OF THE NEW BABYLON
by Rupert Christiansen
Sinclair-Stevenson £20, 416 pages

PARIS INTERZONE
by James Campbell
Secker and Warburg £20, 305 pages

ing in the Commune of Paris and its bloody suppression by the forces of France's newly-born Second Republic.

Napoleon III's Paris was a site of self-conscious Renaissance. Baron Haussmann flattened large tracts of the old city and constructed great boulevards and sumptuous buildings, resulting – depending upon your taste – in "mail-order grandeur" or a boldly handsome imperial capital. Napoleon III would have liked literature and the arts to be likewise monumental, but the sheer ebullience of Parisian life, not to mention its grimness, would not oblige. This was the era of the Goncourt brothers, of Flaubert and Zola, of the can-can and syphilis. Mix in the explosions of war and revolution, and the account Christiansen brilliantly gives is of Paris as a tangle of exposed nerves thrilling mercilessly in icy gales of change.

Paris became fashionable as a resort for American writers as early as the Naughty Nineties, but their heyday was the 1920s, when Gertrude Stein, Ernest Hemingway and Henry Miller, among many others, lived there. Hemingway wrote most of *The Sun Also Rises* in a Montparnasse café and met F. Scott Fitzgerald for the first time in the Dingo bar around the corner.

After 1945 aspiring writers from America and Britain made their way to Paris partly as an act of pilgrimage, but mainly in emulation of these resounding forebears. As Campbell shows, it was not always a case of lesser mortals aping the great; for some, like the black writers Richard Wright, James Baldwin and Chester Himes, it was a way of breaking free from racial intolerance at home. For others, among them Vladimir Nabokov with *Lolita* and William Burroughs with *The Naked Lunch*, it was the only place they could get published. And for them all, it was the only civilised city where their sexualities, of whatever persuasion, could be acknowledged.

Campbell recounts their Paris years marvellously. In the aftermath of war they felt an urgent need to experiment. Paris was alive with ideas and literature; Jean-Paul Sartre held court at the Cafe de Flore, and Jean Genet was about to explode on the world. Expatriate writers founded magazines, among them Merlin and the Paris Review. One of the chief triumphs of the former was its rescue of Samuel Beckett from obscurity; but its editors survived chiefly by writing pseudonymous pornography for the Olympia Press.

Americans were not safe from McCarthyism even in Paris. They were visited by inquisitors testing for "loyalty". Some of those putatively writing novels in café corners were CIA agents; fingers are pointed that way concerning the mysterious death in 1960 of Richard Wright, author of the controversial novel *Native Son*. He had once been a communist, and was permitted to leave the US for Paris in 1948 only through the combined efforts of Gertrude Stein and Sartre. After his hasty cremation rumours flew, adding to the already foetid atmosphere of expatriate literary life in Paris.

Both books are net contributors to our understanding and enjoyment of Paris. Proust's character would hugely approve.

Thrillers

Wife-beaters and worse

The 59 bus route between Knightsbridge and Hackney provides the locations for Frances Fyfield's latest, excellent outing for frazzled lawyer Helen West and her on-and-off boyfriend, blasé detective Geoffrey Bailey. Despite its summer setting, *A Clear Conscience* (Bantam £14.99) is a murky tale, darkening from wife-beating to murder and incest.

Helen's shambolic flat is transformed by Cathy, an assiduous cleaning lady recommended by the wife of a legal colleague. But Cathy is one of life's victims and it seems inevitable that, like her brother, she will came to an untimely and violent end.

Told in an elliptical style, dipping in and out of the character's minds, this bleak narrative is lightened by flashes of humour – in particular Helen's acidulous musings – together with superb characterisation and pin-sharp detail. Its seedy terrain exudes a whiff of Greeneland. Though far from being a conventional whodunit, few readers will foresee the double twist at the finale.

A wife-beater also takes a central role in *The Daughters of Cain* (Macmillan £14.99), the latest Inspector Morse mystery from Colin Dexter. This villain is a child-abuser and drug-dealer into the bargain but as far as the author is concerned his worst sin appears to be misuse of the English language ("Where the 'ell a' you bin, woman?"). It hardly needs adding that he ends up being dredged from the Thames.

Snobbish, sniffily didactic and pedantic, the Morse books are an accurate reflection of the more complacent aspects of the city where they are set. Yet despite the Latin tags and ostentatious parading of erudition, the probings of Morse and his long-suffering side-kick Lewis provide irresistible page-turning entertainment. The golden Oxonian backdrop is a major advantage, as is, of course, the ineradicable image of the TV version of the duo.

Mellowing as retirement looms, Britain's best-loved cop once again tackles gory doings in the groves of academe. There is the customary mild flirtation – this time an improbable liaison with a prostitute. Dexter handles the serpentine plot with exemplary clarity until the final chapters, where he gets bogged down with some protracted and tenuous business concerning a knife stolen from the Pitt-Rivers Museum.

In *Political Death* (Heinemann £12.99), Antonia Fraser comes up with another soufflé-light serving of her svelte sleuth Jemima Shore. A batty grande dame entrusts her with a scandal-packed diary before apparently committing suicide. The subsequent investigation takes the glamorous gumshoe through the not-so-mean streets of Westminster and Kensington as she tangles with a couple of high-powered dynasties involved in theatre and politics.

It is home turf for the author, but the huge cast is somewhat confusing. The yarn hots up following the discovery of a second corpse and a literal skeleton in the cupboard. Though distracted by a spat of steamy sex, Jemima sorts things out with her customary stylish aplomb.

Dixie City Jam (Orion £15.99) by James Lee Burke is the seventh mystery featuring Dave Robicheaux, New Orleans police detective (not that he seems to spend much time at work). Goodness knows what happened in the previous six episodes because this 367-page tome contains enough action, usually of extreme violence, for a whole library of thrillers.

Central to this grisly epic are the efforts of a neo-Nazi psychopath to find the whereabouts of a sunken German submarine discovered by Robicheaux years ago. The author tops up the pot with hefty quantities of drug-dealing, police corruption and racial tension. Though the narrative occasionally splutters, the Delta dialogue is piquant as pepper sauce.

Marele Day makes the most of a Chinatown location in *The Case of the Chinese Boxes* (Hodder £16.99), a second adventure for Sydney-based Claudia Valentine. Latest in a wave of feisty female 'tecs, she is called in by restaurant boss Victoria Chen to recover an ornate golden key which will unlock an ancient box containing a relic – a finger – of the Buddha. Though the key is nothing more than a colourful McGuffin – it is never found and the box is never opened – the yarn maintains a zippy pace against an exotic background of Triad war and oriental mysteries.

Christopher Hirst

BOOKS

A taste for the aristocracy

Malcolm Rutherford on a publisher with a penchant for name-dropping

Lord Weidenfeld, the publisher, has written an autobiography called *Remembering My Good Friends* of whom he seems to have so many that the book can be read as an exercise in name-dropping. It is perhaps fortunate that he does not drink alcohol; otherwise he might have treated a list of French wines in much the same gushing way.

It might be said of him – indeed Weidenfeld suggests it several times in the course of these memoirs – that he was the great innovative publisher of the post-1945 period. More critical readers might recall, however, that the list of authors is more impressive than the books produced or the evidence of them having been much edited.

Weidenfeld & Nicolson is not alone in this, but the firm was the pioneer of bulk memoirs, often too hastily written, too long, and insufficiently checked. That led in turn to partial serialisation, which frequently gives a wholly misleading impression of the book. The temptation to write them and publish them has not diminished with time and Weidenfeld has himself succumbed.

It should be an interesting story. Weidenfeld was a well-educated refugee from Austria who made his way up in England first through the wartime service of the BBC, then through publishing. It was an imperial world he left behind, and at least an aristocratic world to which he looked forward. Weidenfeld writes that his family had taught him that Vienna was the centre of the universe, so much so that nobody bothered to teach him English.

In Britain he saw his challenge as being how to turn his condition of being "with the English but not of the English into an advantage". The old background served him well. The chapter "English Life: the Learning Process" is devoted almost entirely to a study of the English upper classes: aristocrats mingling with writers and the odd politician.

In a later chapter, "Manhattan Mosaic", there is a similar approach to life in New York: so-and-so, the younger son of a publishing family "was adopted and rumoured to be the illegitimate child of a member of the British royal family." The

REMEMBERING MY GOOD FRIENDS: AN AUTOBIOGRAPHY
by George Weidenfeld
HarperCollins £20, 483 pages

taste for the well-born extends even to Israel where Weidenfeld dwells on the charms of the old Zionist aristocracy. In London he delighted in being introduced to what he calls the "British *haute Juiverie*".

Israel forms the most serious parts of the book. Weidenfeld has no qualms (nor should he) about the support he has given the Zionist cause over the years. And yet there must be a question of balance, especially in a country that is neither Jewish nor Arab and also a permanent member of the UN Security Council. Here Weidenfeld writes in slogans, dismissing the British Foreign Office – which he says that otherwise he admires and should be given more money for entertainment – as having sold out to the Arabs from the start, and accusing George Brown of becoming an "Arabist" after helping to push through UN Resolution 242 on the Middle East.

As even Weidenfeld admits, it was that Resolution which led to subsequent dialogue. A little more humility towards the Arabs and occasional criticism of Israeli intransigence might be in order.

These matters are subjective, but some readers might find errors in taste. For example, the wife of an English MP whom Weidenfeld hoped to marry, but who went off with somebody else, is described simply as "an anglicized blonde of Austrian-Jewish origin". Readers might not take kindly either to sentences like "Shimi Lovat was known as the handsomest man in Britain". They might have some sympathy with Evelyn Waugh, who thought that Weidenfeld and his set were pretentious and pushy.

There are also some errors of fact. The aspiring French diplomat and future foreign minister who gave Weidenfeld helpful advice in Vienna was Jean Sauvagnargues, not a "Monsieur Savarnargue" as Weidenfeld calls him. The name of the German central bank before the war was the Reichsbank, not the Reichbank. The first name of Chancellor Brandt was Willy, not Willi.

Those may seem quibbles, though one would have thought that a seasoned publisher would have had someone check the proofs. They are as nothing compared to the story of Hugh Dalton and the economics writer, Nicholas Davenport. "Had Dalton been made chancellor of the exchequer, as he nearly was," Weidenfeld claims, "Nicholas might well have become governor of the Bank of England." That seems unlikely, especially when one remembers that Dalton actually was chancellor of the exchequer from 1945-1947, the very years in question.

Live and be damned

Are you dreading the future? Do predictions of population explosion and environmental apocalypse keep you up at night? Do you keep one eye on the ozone layer and the other on the number of preservatives in your dinner? Well, worry no more. P. J. O'Rourke is here to tell you that everything is going to be all right.

In case you don't know, O'Rourke is a libertarian humorist who made a name for himself in the Reagan/Thatcher years as that most oxymoronic of creatures – a right wing party animal. With books like *Republican Party Reptile* and *Give War a Chance*, he dared to suggest that conservatism can be *fun*. In *All the Trouble in the World*, he takes on the world's doom-mongers and worry-warts, maintaining that the dark clouds on our planet's horizon are the product of their hot air rather than any real crisis.

ALL THE TROUBLE IN THE WORLD
by P.J. O'Rourke
Picador £14.99, 344 pages

His premise is simple. "Life is sweet. But you could spend a long time reading, going to the movies, and watching TV and not hear this mentioned . . . we should be enjoying ourselves, and we are not."

The reason for the psychic sourness is that we have let ourselves be conned by environmentalists, UN bureaucrats and concerned politicians into thinking that the world's a mess, when in fact life is better than ever.

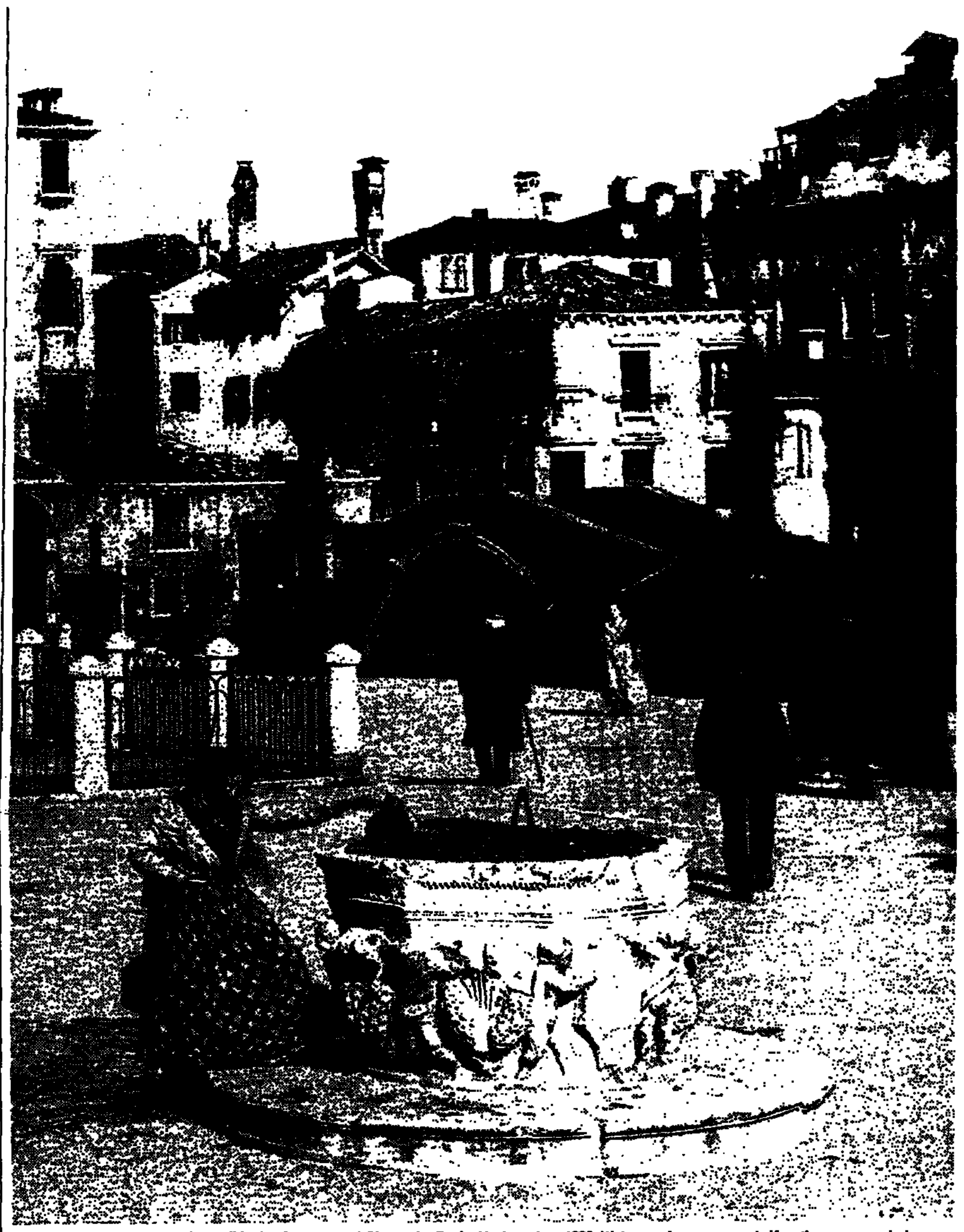
To support this proposition, O'Rourke visits Bangladesh, Somalia, the Amazon, Haiti, the former Yugoslavia and Vietnam, finding that people everywhere are pretty much just folks and that, all in all, things are less horrible than they used to be. Bangladesh may be overcrowded, but it is no more densely populated than your basic California suburb, while life expectancy, disease control and the infrastructure are improving all the time (in Bangladesh, that is.)

Similarly, Vietnam, though still nominally Marxist, has largely thrown off the shackles of central planning to embrace a market economy that allows it both to grow and to forget the horrors of war. And as for the precious rainforest, well, have *you* ever had chiggers? The author gets them while on in Brazil, and, after weeks of unrelieved itching, finds the prospect of deforestation considerably less repugnant.

O'Rourke is at his best when simply hanging out with people, observing the way they live and soaking up the hospitality which seems to increase geometrically the farther one strays from centres of wealth. He is particularly enamoured of the Haitians, who invite him to witness a voodoo ceremony, and the Vietnamese, who possess awe-inspiring industriousness and good cheer. He is also a gifted humorist with a deadly accurate eye, never sharper than when he points out that "starving children *are* cute . . . Steven Spielberg's E.T. owes a lot to the Biafran-Bangladeshi-Ethiopian model of adorable suffering."

O'Rourke proves less convincing when he puts on his thinking cap. When he claims the current mess in Yugoslavia is an example of "multiculturalism in practice", he gets it exactly wrong – Bosnia is what happens when multicultural tolerance is *not* being practiced. And when the author points to the truly horrific pollution of Eastern Bloc countries as something that inevitably happens when government manages the environment, he blatantly ignores the state-regulated cleanliness of many Northern European nations. These lapses are a pity – they sound a bitter note in an otherwise engaging book. Rhetoric is a poor substitute for belly laughs. More visits with resilient people and less theorising about lousy government would have gone further to proving the author's point.

Stephen Amidon



A water-carrier by a decorative well in the Campo Santi Giovanni e Paolo, Venice, circa 1890. Water-carriers were rarely Venetians women, but came from the mainland to service wealthy households. Taken from "Venice in Old Photographs, 1841-1920" by Dorothea Ritter, Laurence King, £24.95.

Inside the Forbidden City's walls

Only now is the truth emerging about Mao, the Monkey King who sowed chaos, writes Derek Davies

Grub Street hacks prying into the affairs of the royal family painted a pretty idyllic picture of their lives until recent years. That they got things so wrong within a democracy provides some indirect excuse for the China watchers who for so long failed to penetrate the labyrinthine secrets of China's palace politics. A full portrait, warts and all, of China's Chairman Mao Zedong is only now emerging, almost two decades after his death behind the high walls of Peking's Zhongnanhai compound in the Forbidden City.

While he was alive, Mao's hagiographers dominated the field, partly because so many wanted him to succeed. Cynical observers laboured away, piecing together clues to Mao's towering failures from official propaganda. Today's China watchers have an easier time of it, as evidenced by *China Wakes*, the latest in a series of book-memoirs by American correspondents who have done a stint in Peking. But although energetic and questioning, this husband-and-wife team are still foreign devil reporters peering through cracks in the wall, with the grace to admit that "China Watching is the only profession that makes meteorology look accurate and precise."

But we need no longer rely on the China watchers. Zhisui Li, Mao's personal physician for 22 years, takes us inside the walls of Zhongnanhai and into the Chairman's personal swimming pool pavilion. There he lies on his huge bed, sweating after one of his innumerable sessions with a willing female attendant (preferably a peasant girl) and a run-down with hot towels (he refused to bathe – "I wash myself in the bodies of my women," he said), brushing aside traditional Chinese remedies for his latest ailment but washing out his green, plaque-covered teeth in tea and then chewing up the leaves, swallowing too many sleeping pills and then turning to a novel about intrigue at the court of the Mings.

But this absorbing book provides much more than tittle-tattle. Dr Li was a confidant, at Mao's elbow as the Great Helmsman voiced neurotic suspicions of plots against him and twisted Marxist vocabulary to destroy those who hinted that he bore some responsibility for disasters. He watched as Mao slowly undercut the power of his imagined rivals, manipulated those who surrounded him by monstrous demands on their loyalty, blackmail and fear.

The book's most convincing feature (raising it above Harrison Salisbury's recent anti-Mao broadside *The New Emperors: Mao and Deng*, which largely depended on Dengist sources anxious to distance the present strongman from his predecessor) is Dr Li's refusal to pretend greater access than he had. He scrupulously differentiates between what he saw and heard, what he learned later and what he surmised.

"Il n'y a point de héros pour mon valet de chambre" may have been true in the 18th century but today no man is a hero to his doctor (even Churchill had his Lord Moran). Nevertheless, Dr Li progresses very gradually from the young would-be surgeon who hero-worshipped Mao to the doctor who felt nothing but relief when he died. He expresses disgust at his morals, distaste for some of his personal habits and shock at his superstition and ignorance about science but leaves the reader to deduce Mao's massive stupidity in claiming that "spirit" would accomplish his hopelessly unrealistic economic goals, in ordaining the commune (and thus a great famine), in wasting untold resources in millions of useless backyard furnaces, in loosing anarchy on China and in choosing first a traitor and then a nonentity (Lin Biao and Hua Guofeng) as his successors.

THE PRIVATE LIFE OF CHAIRMAN MAO: THE INSIDE STORY OF THE MAN WHO MADE MODERN CHINA
by Zhisui Li
Chatto & Windus £20, 682 pages

CHINA WAKES: THE STRUGGLE FOR THE SOUL OF A RISING POWER
by Nicholas D. Kristoff and Sheryl W. Dunn
Nicholas Brealey £16.99, 502 pages

Mao, like Churchill, was a brilliantly charismatic war leader but, in the piping time of peace, became an isolated monomaniac, feeding his paranoia with old tales of intrigue, scrawling comments on endless streams of state papers, asking "Any news?" from all visitors, insulated by his scheming courtiers from the outside world, like the most ruthless Emperors he emulated. Only action could cure his depressions and his obsessive need to make decisions – any decision – lay at the root of his most tragic mistakes. Mao was the Monkey King who sowed chaos (*luan*) in heaven, the antithesis of the neo-Confucianist leader which the region's dictators of today tell us is the Asian ideal.

Jung Chang's magnificent *Wild Swans* rendered her and her parents into paradigms of the betrayal of Chinese idealists' worship of the revolutionary who enabled China to "stand up". Dr Li shows us the other side of the walls which surrounded the man who inspired such hopes only to sacrifice them on the altar of his own ego. Dr Li, sitting in exile in Chicago today, contemplating his dead, heart-broken wife and his own wasted life, is just another of China's millions of wild swans.

Fiction

Deadly stings in the tale

A killer cleaning lady from Guatemala, an arsonist electrician, serial murder, an onanist in a coffin, racism, teenage love, middle aged love, married lust, disillusionment and mail-order Satanism; all in the cycle of a Wimbledon year – if it is Nigel Williams's SW19.

Scenes from a Poisoner's Life, Williams's most recent fictional foray into this London suburb, is a sequence of 12 tales, each offering a sting in the tail. They provide an amusing way of getting to know the family Farr and its patriarch Henry, the fat middle-aged solicitor who tried to poison his wife in Williams's *The Wimbledon Poisoner*.

The underlying humour of is pointed up by the jokes. Like champagne bubbles, the one-liners constantly force their way to the surface. Farr's marriage is described as having survived "like Kurt Vonnegut in Dresden, by bizarre accident", while later his wife, contemplating adultery, thinks of her husband as a man who makes "Monsieur Bovary look like Paul Newman . ." William's Wimbledon is a unique, rich, multi-textured if on occasion somewhat bizarre society.

Even peripheral characters are deftly painted in: there is Ella-I-was-at-RADA Makepiece, while another neighbour is characterised as "Is the Mitsubishi Scratched Yet?". In a few words Williams can summon up the preoccupations and pathos of a life sentence in the suburbs. He is hilarious when parodying the "hey nonny no" pretensions of Doublet and Hose, the Wimbledon Early Music Group, and disturbing when tackling the racism of affluent Middle England.

SCENES FROM A POISONERS'S LIFE
by Nigel Williams
Faber & Faber £14.99, 217 pages

SWEETS FROM STRANGERS
by Simon Corrigan
Andre Deutsch £13.99, 180 pages

If at times things get a little uncomfortable, Williams does at least temper the grotesque with a tender appraisal of the misery of the human condition. For example, when Farr is faced with overwhelming platonic love for a girl in the newsagent, "All love did for him was to remind him of the poverty of his vocabulary." Home-as-castle feelings are poignantly expressed when Farr and his daughter return to "the double fronted house where all their feelings and opinions could be comfortably hidden from the outside world." Farr asserts his existence: "I'm just an average guy, with slightly lower-than-average feelings. But I am here. And I won't go away."

The appeal of uncomplicated domesticity is not lost on Daniel, Cambridge dropout and protagonist of Simon Corrigan's *Sweets from Strangers*. He flees an unsavoury past in Paris to live quietly with his sister and her family in Oxfordshire, until his previous life catches up with him. It is perhaps unfair to compare two such different books, but while *Scenes From a Poisoner's Life* seems confident and assured, *Sweets From Strangers* appears disjointed and hesitant. The latter offers some clever psychological insights, but it is difficult to get a real feeling for the characters and their world.

The balming effect of Daniel's flight into the cosy banality of his sister's household and a job washing up in a local hotel is neatly summed up "as akin to the grateful compliance of a rehabilitating addict, relieved to swap one dependence for another, even if that second consists of no more than the tending of the hospital garden."

Corrigan's writing, however, livens up when it comes to describing Luc, the decadent, charismatic homosexual who reappears in Daniel's new life; and there is a sense of relief when the inevitable happens and Daniel returns to France and, by implication, a life of pampered depravity.

Nicholas Foulkes

New order in the archipelago

A country where the president's children are routinely handed control of big businesses sounds more like a failed African dictatorship than one of Asia's free market economic successes.

Such is the paradox of President Suharto's Indonesia: the authorities are corrupt, prone to nepotism and have scant respect for human rights, yet the country attracts billions of dollars in annual foreign investment and aid, and its economy grows consistently at more than six per cent a year.

Indonesia is one of Asia's most important but least understood emerging economies. With more than 180m inhabitants, it is the fourth most populous country in the world, and home to more Moslems than any other nation. The archipelago stretching from Sumatra to Irian Jaya includes somewhere between 13,000 and 17,000 islands; even the Indonesians are not sure.

Schwarz, who reported on Indonesia for the Far Eastern Economic Review for four years, explains many of the baffling complexities of Indonesian politics and commerce with clarity, precision and some well-chosen examples of how nepotism and cronyism function in practice.

Due credit is given to Suharto's "New Order" government for restoring political stability after the overthrow of Sukarno in 1966 and laying foundations for economic growth. But few businessmen in Jakarta would dispute Schwarz's conclusion on the economic influence of Indonesia's first family: "In recent years," he writes, "hardly a single major infrastructure contract has been awarded without one Suharto relative or other having a piece of it . . the tendering process is just for appearances' sake. The only suspense is over *which* crony will emerge victorious."

A NATION IN WAITING: INDONESIA IN THE 1990s
by Adam Schwarz
UCL Press £15.95, 370 pages

Schwarz also explores the shifting balance of power between the armed forces and civilians in government, the role of Chinese businessmen, the different strands of Islamic thought, and the conflict in the Indonesian-occupied territory of East Timor.

He also analyses the rancorous dispute between the "technologists" and the "technocrats": the technologists, led by B.J. Habibie, the Research and Technology Minister and close friend of Suharto, favour the immediate establishment of high-technology industries; the technocrats dismiss this as costly and over-ambitious, and believe Indonesia should use its cheap labour to develop export industries step by step.

Indonesians and foreigners agree, however, that the most important questions concern the succession to Suharto – the retired general is 73, has held power for 28 years and has no obvious successor – and the future evolution of the country's authoritarian political system. Will it be possible to arrange an orderly transfer of power to a new president? Has authoritarian rule, regarded as necessary by many Indonesians following the massacres of the mid-1960s, outlived its usefulness?

Schwarz notes the increased militancy of factory workers, the frustration of Indonesia's sophisticated middle class with the sterility of intellectual and political debate, and the jockeying for power among army officers and politicians, but he is prevented from predicting an outcome to the succession debate by the enigmatic Suharto's refusal to state his intentions.

Given that Suharto's opinions are crucial yet impenetrable, Schwarz has done an admirably thorough job of explaining the most significant political and economic dilemmas confronting the Indonesian elite.

Victor Mallet

ARTS

Why Saturday night is not a lottery

Christopher Dunkley finds himself trapped in a time warp watching television

Cilla Black has gorra lorra Lycra tights, a lorra heart, and an awful lorra ratings for ITV since 1985 when she began presenting the British version of *Blind Date* early on Saturday evenings. The question is will the twinkle, the charm, and the Liverpool accent – and of course the attractiveness of the guys and gals on either side of the *Blind Date* partition – be enough to hold the line in the ratings battle this evening when BBC1 wheels out what we are told is going to be the biggest gun ever seen in the war for the television audience in Britain: *The National Lottery Live*.

According to the ratings gurus who have studied lottery programmes in other countries, we can expect as many as 25 million, even 30 million people to watch, a figure which would immediately take the lottery not just to No 1 in the weekly ratings, but No 1 in the year. It is a rare programme these days that attracts more than 20m viewers; in 1994 only Torvill and Dean's bid for Olympic gold has gone higher (23.95m). So if the lottery really does regularly attract as many as 25m, it will completely upset the well established pattern of viewing at teatime on Saturdays.

And what a good thing that will be. To immerse yourself in the programmes which currently dominate the screen at this time is to find yourself slipping into a time warp. Before settling down on the old green sofa you may believe that you live in a post-communist, post-feminist age, the era of cyberspace and the internet. But after watching *Bruce Forsyth's Generation Game* and *Noel's House Party* on BBC1, or *Blind Date* and *Family Fortunes* on ITV, you may wonder whether that futuristic stuff was all a dream. The atmosphere in which Cilla and Brucie, Noel and Les (Les Dennis, host of *Family Fortunes*) smother you is one in which it would come as no surprise to be urged to "Dig For Victory!".

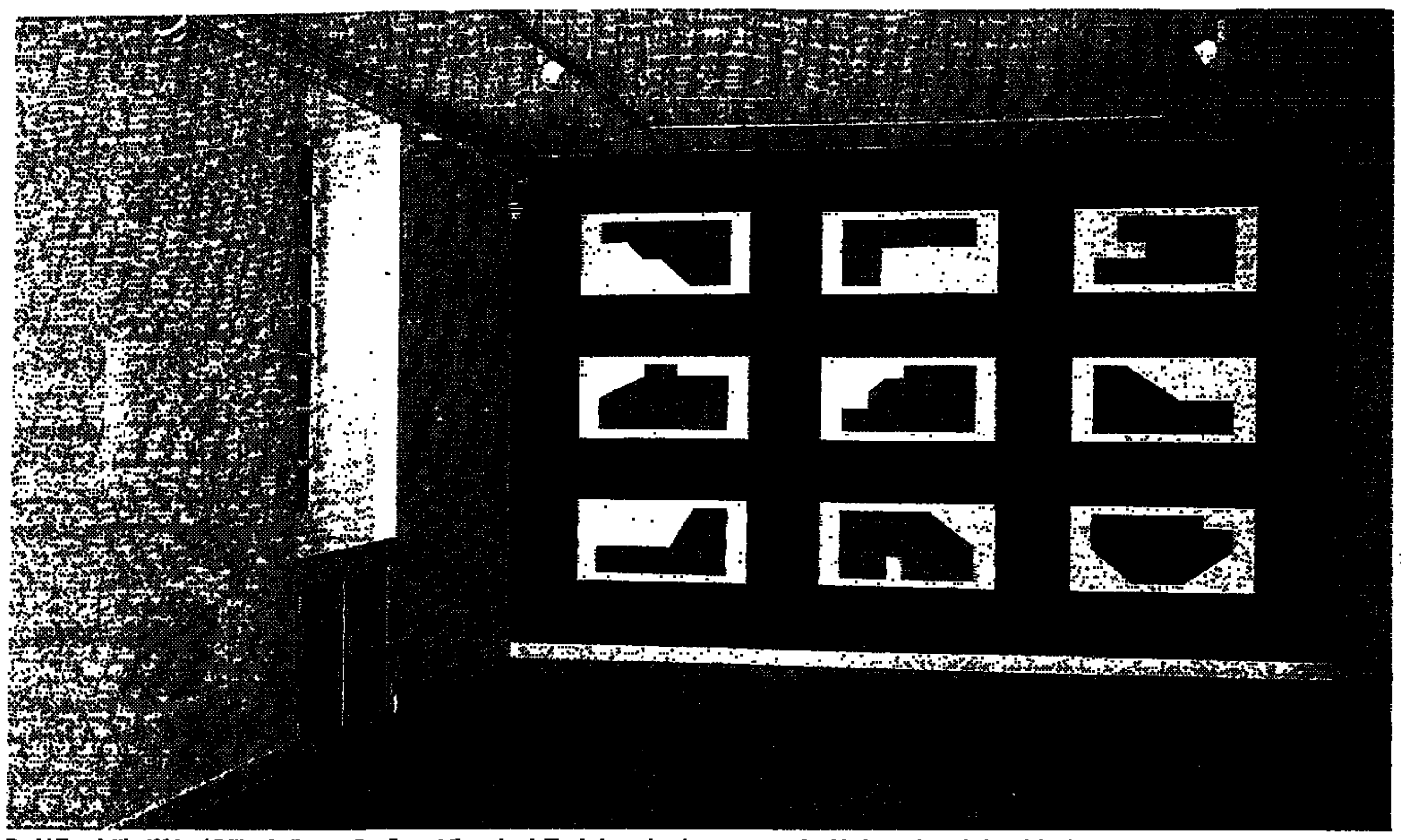
When I turned my attention back to these programmes recently, having ignored them for years (on the same grounds that FT book critics ignore Barbara Cartland's immensely popular novels) I was baffled by a sense of deep but almost forgotten familiarity. Then it came to me. The activities and, more important, the attitudes in these programmes bear a strong resemblance to parties organised by my parents in the late 1940s and early 50s, events which attempted to reproduce in the home the sort of parties they had experienced at church socials in the 1930s.

There were lots of organised activities with mandatory jollity. Teams had to pass an orange from one to another using only their knees, or a matchbox using only their noses. There were costumes for acting games, just as on *The Generation Game*. Practical jokes were elaborate: one person would be required to imitate exactly the motions of another who would draw his finger across the underside of a plate and then down his face, the victim not realising that his plate had been coated in candle black.

As with Saturday teatime telly, what mattered was mucking in and having a good time, bonhomie and laughing vigorously at weak jokes, the teller laughing hardest of all. Above all you had to be a good sport when made to appear ridiculous, just as you do when showered with green slime by Noel Edmonds.

On *Blind Date* even attitudes towards class seem trapped in the 1940s. Last week a Liberace lookalike was set up by La Black as some sort of toff of whom she, as a working class lass, pretended to be in awe. This was pursued throughout his time on the programme even though his supposedly upper class clothing was actually a toastmaster's uniform.

If the lottery programme blows some of this stuff out of the water it will be no bad thing, though we have yet to see what the new programme itself will be like. Ominously it is to be presented by Noel Edmonds, a man who gives the impression that he would regard the matchbox-on-the-nose trick as a bit too sophisticated for Saturday teatime.



David Tremlett's 1994 exhibition in the small gallery at the school. The balance has been very much with the sculptural, the minimal and the conceptual

Expats on a shoestring

The British School in Rome has had to come out from behind its elegant facade and justify itself. **William Packer** argues the case

Alone of the British Schools abroad, The British School in Rome is concerned with study far beyond the usual range of classical antiquity and archaeology. Almost from the start scholarships in painting, engraving, sculpture and architecture were established at the school to match those in archaeology.

But if fine art has always been integral to the school, it has also seemed a thing apart. While archaeologists, historians, classicists and distinguished visiting academics of all kinds came and went, the artists simply got on with art. There was no actual harm in that, yet here was a college that offered limitless opportunity for inter-disciplinary curiosity.

Under the present director, Richard Hodges, all that has changed. His term has coincided with a period of financial uncertainty and so the number of scholars has been reduced, and the Sargant Fellowship (established for a senior artist – split three ways this year) and a number of smaller awards set up to bring maturer artists to the school for shorter periods.

But Dr Hodges' strictures have applied not just to fine art, but to the whole school. What before might have been assumed had now to be sought out, earned, paid for. The British School has had to come out from behind its elegantly defensive Lutyens facade above the Valle Giulia and enter actively into the cultural life of Rome itself.

What is more, Dr Hodges realised that while books and libraries and excavations are all very well, it was the visual arts that were, well, visible. Some three years ago, a programme of exhibitions and related talks was instituted, modest enough in itself, for the school's gallery is small, but of quite disproportionate effect. It has brought to a steadily increasing and now loyal Roman audience the work of nearly a dozen British artists so far. All enjoy a certain reputation in Britain, but not in Rome. Several have since been shown by Roman galleries.

It has to be said that hitherto the range of artists has been fairly narrow, with almost all of them a sometime winner or on the shortlist for the Turner Prize. Of this year's runners, Willie Doherty is showing in the school at the moment, (until December 20) and both Antony Gormley and Shirazeh Houshiary have shown there. The balance has been very much with the sculptural, the minimal and the conceptual.

That narrowness is at least admitted and we shall see to what extent corrected. The argument is only against an apparent exclusivity, for a list that has already included Howard Hodgkin, Antony Gormley, Hamish Fulton, Richard Deacon and David Tremlett, with Rachel Whiteread, Lisa Milroy and Bridget Riley to come, is strong enough.

The British Council in Rome has seen here an opportunity for itself, and now supports works closely with the school, seeing it as a useful showcase for what otherwise would not have been exhibited. New circumstances and mutual opportunities have been exploited.

The exhibition programme is run on a shoestring, with some £9,000 put up by the school itself and a further £16,000 coming from other sources, including the Henry Moore Foundation and the British Council. An annual budget of £25,000 is very small in terms of potential sponsorship, but then so is the funding of the British School itself: £80,000 would secure all the activities of the school, from archaeology to art, year on year. A capital sum of £2.5m would set up the School completely for 50 years.

Here is an institution, characteristically British in its informality, yet of world class in its scholarship, its reputation in archaeology second to none, and now ever more prominent and active in its engagement with the visual arts. Yet here it is, still insecure in its finances and fabric, and undermined at a distance by academic prejudice and indifference. If that is also very British, we should be ashamed of ourselves.

But the outlook is promising, if only because the school itself is so special, and so good in what it does. An historian, Wallace Hadrill, takes over as director next year, the first non-archaeologist in the appointment. He is fortunate in his predecessor, first for the opportunity that Dr Hodges has created and then for the impetus he has already generated in its exploitation. In wishing him well, we are also telling him not to stop.

Radio

The fine art of spoiling tactics

Recently visiting Prague, I noted the logo of a black bow-tie on posters for the Classical Music radio station. While Radio 3 tries to popularise classics with blokey accessibility the Czechs' selling-point is glamour after dowdy egalitarianism. Our own Classic FM tends to the latter, with its prize "romantic weekends in the East Midlands" and genteel commercials for Black Magic, investment advisers and Palmolive – whose products you may sample from reception at Classic FM itself. How can the BBC compete? I know from bitter experience that passers-by are refused even a bath-salt in the lobby of Broadcasting House.

Spoiling tactics are part of market practice; Classic FM has this to a fine art. Last week it countered Radio 3's live *Roméo et Juliette* from Covent Garden with a recording of the same composer's *Faust*. This is hard on the Corporation whose current opera-drive includes non-musical dramatisations of well-known opera plots. Knee-jerk objections at the form's inanity overlook the fact that most successful operas were based on books or plays anyway. Sunday's *Vie de Bohème*, by John Clifford after Henri Murger, was quite jolly and as well acted and directed as most drama on Radio 4. Bracing to be reminded that Puccini's romantic garret-dwellers were con-men and trollopes.

North British listeners can enjoy Radio Scotland's *The Score*. Such apparently esoteric themes as Xenakis' trombone concerto and music-publishing in 18-century Edinburgh are presented with unpatronising friendliness by Elaine Navickas who gets it just right. Perhaps Nick Kenyon of troubled Radio 3 should lend an ear. Radio Scotland also scooped the week's oddest news story: the MP for Monklands East battling with the Benedictine brothers of Buckfast Abbey over their "medicinal wine" which has apparently turned North Lanark's youth into a race of drunks. Eighty per cent of the monastic output finds its way north from Devon (those monks know their market). "I should have the healthiest constituents under the sun," she said (apparently not).

What would Radio 4's rebarbative *Moral Maze* make of it? The curiously composed team of ethical experts includes the historian David Starkie who sprang to media fame in a TV mock-trial of Richard III some years ago, when he flew into a tantrum, insulted a distinguished barrister and hurled schoolboy rudeness in all directions. He has now set up in garrulous pomposity on his own account. He is well partnered by Edward Pearce of The Guardian, notable for angrily shouting "you fool!" at an elderly Jew expressing concern at the rise of Italian neo-fascism. I seek moral guidelines elsewhere.

Not with pharisaic local authorities, however. Saturday saw the launch of *Scapegoats* (Radio 4), whose uncompromising title nails its accusing colours to the mast. Hugh Prysor-Jones began with single parents and a reminder of pregnant women driven over the parish boundary even in labour so as not to be a local financial burden. More to come, including travellers and homosexuals; and more that sounds uncomfortably familiar.

On Remembrance Sunday Angela Rippon softened her schoolmarm persona to talk to a wide range of soldiers and civilians on Radio 2. Simple questions prompted profound responses, as with the nurse whose precise Scots tones faltered when she recalled Belsen survivors; or the Korean war amputee, military antecedents going back to Waterloo, wondering when it would all end (there are currently 17 wars involving British personnel). The absence of rancour, the lack of rage compared favourably in the sensitivity stakes with the average Guardian journalist.

Martin Hoyle

THE FT CHRISTMAS SHOW GUIDE

The pantomime strikes back

Antony Thorncroft reports on this year's seasonal fun of dubious cross-dressing and corny jokes

Oh yes it is! Panto time is almost upon us and once again the nation will over-indulge on a diet of corny jokes, sexist plot lines, dubious cross-dressings, and a veritable orgy of political incorrectness.

There is something wonderfully unchanging about pantomime. Year after year the same sets, the same costumes, the same stories, the same sweets (provided by perennial sponsor Cadbury), the same casts are taken out of storage to be thoroughly enjoyed by the same audiences. For many it is the only occasion in the year they enter a theatre and, despite regular scare stories that this is a dying art form, panto is actually enjoying a robust revival.

According to panto king Paul Elliott, who will be masterminding around 30 pantomimes this Christmas, last season was a "vintage" year. "Every single one of our pantos made a profit". This year will be "spectacular – bookings are already 75 per cent of the way towards target".

Every year Elliott invests in a new pantomime which – with a little sprucing up – travels the nation for a decade or more. This year it is *Jack and the Beanstalk*, a £400,000 investment which opens at the Birmingham Hippodrome and has already pulled in £1m at the box office. It features the biggest giant to stalk the boards in years, operated by a team of four and measuring 15 feet from waist to head. There is also a "Flight through Space" film which should generate a few "ooos". Competing with the special effects are the likes of Su Pollard, Don MacLean – and Scorpio.

Now Scorpio is a Gladiator and this year Gladiators, tough men and women from the Saturday night television martial arts programme, are ubiquitous. If little else changes in Pantoland every year, the latest craze is incorporated into the format to pull in the kids. At one time it was pop stars; then the performers from Australian soaps tested their acting skills; then sports stars, like Ian Botham, Tessa Sandersen, and Annabel Croft, all of whom are appearing again this Christmas, plus Kriss Akabusi making his debut in *Dick Whittington* at the Mayflower, Southampton.

This year names like Trojan (at Bournemouth); Zodiac (at Crawley); Jet (Reading); and Cobra (Swansea), Gladiators all, pepper the playbills. They will be learning the ropes from old troupers, who have devoted their careers to panto. Jack Tripp, for example, is well into his seventies, but still regarded as the best Dame in the business. This year he teams up with another old pro, Roy Hudd, in *Babes in the Wood*, at Sadler's Wells, the only panto this Christmas in central London.

John Inman is another actor seldom seen at this time of the year without his bloomers on: he will be bringing his Dame to *Mother Goose* at Stockport. A younger rival in the field is Christopher Biggins who, as Widow Twankey, will be giving *Aladdin* a hard time at Norwich. It will be interesting to compare his technique with the Twankey of Danny la Rue at Plymouth.

Other old stagers to look out for are Lionel Blair, with Britt Ekland, an enthusiastic pantomime fairy, in *Jack & the Beanstalk* at Bath; Ronnie Corbett (still the best Buttons in the business) in *Cinderella* at Cardiff; Peggy Mount also in *Cinderella* – at Redhill; and Rolf Harris (with June Whitfield and Ian Botham) in yet another *Cinderella* at Wimbledon.

There are the usual eye-brow raising permutations – the abrasive Dennis Waterman and his equally feisty wife Rula Lenska in the Reading *Aladdin*; Hinge & Bracket sharing *Beauty and the Beast* at Crawley; Russ Abbot in the rarely mounted *Goldilocks* at Woking; and, if you need to know, Little & Large are in Newcastle and Cannon & Ball in Edinburgh. But often in pantos it is the rarely recognised troupers in the smaller roles that steal the show rather than the big names who get by serving up their traditional material.

Of course, the popularity and success of panto (the box office take enables many theatres to stay open for the rest of the year) upsets intellectuals, and there is the usual attempt, invariably by the subsidised theatres, to clean up the format. The Contact Theatre in Manchester is presenting a politically correct *Cinderella* in which the heroine goes off with "Buttons" rather than the rich Prince.

There is also a trend to dramatise traditional children's stories as alternative seasonal treats, like the multi-racial *The Wiz* at the Riverside Studios in Hammersmith and tales of the Brothers Grimm at the Young Vic. And in a real spate of *Peter Pans*, which offer all the hero-and-villain excitements of panto plus some intriguing sexual and textual under-tones, Barrie's Freudian story seems so suitable for Christmas that Richmond is presenting a panto version starring the unlikely duo of Leslie Grantham and Una Stubbs.

Pantomime now appeals mainly to very young children rather than parents, or rather fathers, who a century ago were lured by the legs of the fast disappearing Principal Boy. It remains the last bastion of family entertainment and is surviving well. Critics of panto should ask themselves why the packed audiences do not return to the theatre for other productions.

Roy Hudd as 'Orrible 'Uddy in Babes in the Wood at Sadler's Wells, the only panto in central London this year

A Dickens of a time

Christmas, it often seems, means Dickens. You can see why. There is Scrooge, of course, and the Spirits of Christmas Past, Present and To Come; there are the affecting snow scenes in several other novels. And there is the love of family and friends to which he so often returns.

Since Dickens has always prompted British character actors to their most acute performances (there have been at least three new British stagings of *Great Expectations* since early September), it is no wonder that several new Dickens stagings occur this Christmas in London.

A Christmas Carol comes to the Barbican, in the world premiere of a new adaptation by John Mortimer, directed by Ian Judge, with Clive Francis as Scrooge, opening on December 6. (Meanwhile in Manchester *Scrooge* runs for two months at the Palace Theatre.)

Oliver, the Lionel Bart musical version of *Oliver Twist*, comes to the Palladium in an important new production by Sam Mendes, starring Jonathan Pryce as Fagin (also starring Ruthie Henshall, Sally Dexter), opening on December 8. At the Battersea Arts cafe, *Sketches by Boz*, adapted by critic Robert Butler, with music by Stephen Lade and directed by Graham Sinclair, opens on November 29. And a new version of *A Tale of Two Cities* by Matthew Francis opens at Greenwich Theatre on December 19.

But Christmas can also mean novelty; and a surprising number of new or modern plays comes to the West End in this period. One of the Royal Court's most acclaimed novelties this year, *My Night with Reg*, by Kevin Elyot and directed by Roger Michell, is opening at the Criterion Theatre in late November. Pinter's supreme (and very short) one-act play *Landscape* comes to the Cottesloe Theatre, in the staging (by Pinter himself) which was the highlight of this May's superb Pinter festival at the Gate Theatre, Dublin, and very nearly of all 1994; Penelope Wilton and Ian Holm star.

On November 29, Richard Nelson's *New England* has its world premiere with the RSC at the Pit; Peter Gill directs, and the cast includes Angela Thorne. Described as "humorous and ironic", it deals with the feelings of English exiles in America. The Théâtre de Complicité opens its latest production, *Out of a House walked a man…*, at the Lyttelton Theatre on December 1; directed by Simon McBurney with a cohort of Complicité stars (Kathryn Hunter, Toby Jones, Marcello Magni, Toby Sedgwick). And on December 13, *Slavs*, the latest play by Tony Kushner (he of *Angels in America*) opens at the Hampstead Theatre, with an illustrious cast including Annette Badland, Ron Cook, Imelda Staunton, Paul Jesson, and Aisling O'Sullivan; Matthew Lloyd directs. The subtitle is *Thinking about the Long-standing Problems of Virtue and Happiness*.

Meanwhile, at the Bush Theatre, the excellent Dominic Dromgoole directs an "epic" production of *Raising Fires* (opening on November 25), a prize-winning new play by Jenny McLeod: desire, revenge, and arson in 16th xentury Essex around Tilda, the town's first black woman. And, on December 1 in Scarborough, Alan Ayckbourn presents, and directs, his third new play this year: *The Musical Jigsaw Play*.

Christmas also means children's stories – by Kenneth Grahame, Hans Christian Andersen, the Brothers Grimm, *et al* – several of which reach our stages this year. The 1990 Alan Bennett version of *A Wind in the Willows* returns to the Olivier Theatre on December 15, for what is said to be its final

> A surprising number of new and modern plays is coming to the West End

revival. At the Young Vic (opening on December 7), the poet Carol Ann Duffy adapts *Grimm Tales* (eight of them), directed by Tim Supple. At the Lyric Hammersmith (opening December 12), Neil Bartlett adapts and directs Andersen's *The Little Match Girl*; the effects, by Forkbeard Fantasy, include nine-foot teddy-bears, dancing Christmas dinners, live satellite links to heaven, and disreputable angels.

In BAC Studio One (Battersea, opening on December 7), Tom Smith directs *Peter Pan, an Edwardian Fantasy*. And, straight after Christmas, the unclassifiable Music Theatre London brings to the Queen Elizabeth Hall its 1992 hit version of Rossini's *Cinderella* (Cinderella's father is Essex man; her step-sisters are played by men; Prince Charming is played by a woman).

Christmas, since it involves carols, also just means, for many people, musicals. New British musical productions include *Out of the Blue* (opening later this month at the Shaftesbury), two versions of *Calamity Jane* (one opening at the Leicester Haymarket on November 22, one at the BAC, Battersea, on December 9), and Phyllida Lloyd's staging of *The Threepenny Opera* at the Donmar Warehouse (opening on December 14).

Alastair Macaulay

Sound of Nut-cracking

Clement Crisp on unneccessary conflict in London dance

Since Christmas is a *déjà vu* phenomenon anyway, it is – I grudgingly suppose – no surprise that this yuletide's dance offerings should be the inevitable *Nutcracker* and *Cinderella*. There is an unnecessary conflict in London this year, since both English National Ballet and the Birmingham Royal Ballet are offering concurrent cracking of nuts.

ENB plays its traditional *Nutcracker* season at the Royal Festival Hall. The staging is the sugary Ben Stevenson version but the young enjoy it and there are some interesting principal casts – to which Santa's promised gift of a pair of wild horses may just be able to drag me. *Nutcracker* is at the Royal Festival Hall from December 21 to January 14 – plenty of matinees.

There follows a week of *Swan Lake* in ENB's sensible Bolshoi-inspired version, from January 16 to 21. The Birmingham *Nutcracker* receives its first London showing in a season at The Coliseum from December 22 until January 7. The staging is Peter Wright's handsome version, handsomely decorated by John Macfarlane, which has much to recommend it, including a couple of performances starring Irek Mukhamedov (December 22 and the matinee on December 24) and three guest appearances by Petter Jacobsson. There are plenty of matinees. BRB also plays *Nutcracker* in its home Hippodrome Theatre from December 9 until December 17, with the elegant Peter Boal as a guest from New York City Ballet at a couple of performances.

At Covent Garden, the Royal Ballet shows an Ashton triple bill – which should appeal to older children – on December 15, and matinee and evening on December 17. Then its visually desperate *Sleeping Beauty* staging is exposed on December 20 (matinee and evening), 21,22,28 (m&e) and January 4, with Ashton's irresistible *Cinderella* to delight us all on December 23 (m&e), 26 (m&e), 27, 30, 31 (m&e), January 3.

There is – *quelle surprise* – a single *Swan Lake* on January 5. Check timings of all performances carefully: there are early matinee and evening curtains, which can mean glum faces in the Crush Bar while the first act goes its no-seats-until-the-interval way.

North of the border, Scottish Ballet offers Peter Darrell's *Nutcracker* at Edinburgh's Festival Theatre from December 28 to January 7. Again, please check dates and times.

In New York, City Ballet will play its usual happy season of Balanchine's lovely *Nutcracker* from November 30 until December 31, and then follow with an eight-week season of varied repertory.

The Paris Opera Ballet, installed at the Bastille Opera House, performs Rudolf Nureyev's version of *Swan Lake* during December with a wonderful roster of principals (who may include Altynai Asyimuratova for a couple of performances). Check locally for details.

For anyone needing more precise information, *The Dancing Times* carries a monthly calendar of future performances, dates, timings, both here and abroad.

A steadfast ritual

Christmas concerts vary little in substance from year to year. If they did, they would scarcely qualify as Christmassy. Carols, *Messiah*, *The Nutcracker* and a small range of cantatas and orchestra bonbons such as Leroy Anderson's *Sleigh Ride* or Prokofiev's Troika from *Lieutenant Kijé* are mandatory. A small amount of variation and innovation is possible, but generally a Christmas concert is as steadfast a ritual as a football match.

Each of the half dozen main London concert halls is rising to the seasonal spirit and doubtless relishing the prospect of family sales. The Barbican Centre – self-styled as "London's Christmas Venue" – has developed a tradition even though it is only 12 years old.

The Barbican Hall will be resounding with such festive numbers as Puccini's Christmas Eve love duet from *La Bohème* and Leopold Mozart's *Toy Symphony*, played by the London Concert Orchestra under David Arnold on December 10; and Britten's *Ceremony of Carols*, Hugh Wood's *Fanfare for Christmas*, and Stravinsky's *Circus Polka* is performed there by the Royal Philharmonic Orchestra under John Scott on December 16.

There are two *Messiahs* – one to be given by the National Westminster Choir and the Rosebery Orchestra under Ian Humphris, on December 12 and an account by the City of London Sinfonia orchestra and singers conducted by Richard Hickox with excellent soloists in Nancy Argenta, Michael Chance, Martyn Hill and Stephen Roberts the following night. The night after that, Handel lovers who missed these renditions can enjoy selections from the oratorio performed by those Christmas veterans, the Choir of King's College, Cambridge, with the English Chamber under Stephen Cleobury (Haydn's *St Nicolas Mass* and a Vivaldi concerto for two trumpets also included).

Also in Barbican Hall there is the LSO Christmas Festival running on the evenings of December 17, 18 and 19, in which Richard Hickox conducts the London Symphony Orchestra and Chorus in standard seasonal items including carols with audience participation. The King's consort and Choir of New College Oxford join to perform Christmas things by Handel and Corelli on December 22. Howard Blake's children's favourite, *The Snowman*, is being given by the Wren Orchestra under the composer with narrator Robert Hardy and treble Connor Burrowes on the afternoon of December 28.

The South Bank Centre offers much of the same sort of fare. David Arnold directs the London Concert Orchestra on December 16 in the Festival Hall), assisted by Patrick Harrild as soloist in Kleinsinger's *Tubby the Tuba*, and compère Johnny Morris. Kids themselves – in the form of the two divisions of the National Children's Orchestra – perform on Sunday afternoon and evening in the Queen Elizabeth Hall with quite ambitious programmes: the first beginning festively with Gordon Jacob's *A Noyse of Minstrells*, and the second ending with Stravinsky's *Firebird* suite.

Running in the Queen Elizabeth Hall for a week just after Christmas is Rossini's opera, *Cinderella*. Music Theatre London's irreverent version is said to be a fine entertainment.

Soprano-animateur Jane Manning and her Minstrels, with the aid of the Park Lane Group, are mounting a lively-looking production of *The Snow Queen* involving children alongside professional singers and instrumentalists at the Queen Elizabeth Hall on December 21. Not to be missed there on the following evening is the Tallis Scholar's programme of seasonal but masterly music by Palestrina, Lassus, Victoria and others. Simultaneous with this a Christmas Jazz Gala in the Purcell Room featuring vibes player Orphy Robinson, pianist Jason Rebello and other prominent figures.

The Wigmore Hall is mustering some distinguished singers and players – among them baritone Thomas Allen and Young Musician of the Year, cellist Natalie Clein – for the seasonal miscellany of The Wigmore Christmas Cracker on December 17; while virtually every night in December at St John's, Smith Square is devoted to festivity, with *Messiahs* conducted by John Lubbock on December 15 and 16.

Most notable is the Magenta Music agency's week long International Christmas Festival, which besides two more *Messiahs* on December 21 and 23 offers carols from Copenhagen on December 22.

Christopher Bowers-Broadbent's recital of organ music by Charles Tournemire on December 21 and a rich programme, "Gloria in Exclesis", of 15th, 16th and 20th century polyphonic vocal music will be given by the The Sixteen, conducted by Harry Christophers, also responsible for the second of those *Messiahs*.

Handel's setting of the Amen alone will account for hours and hours of musical time over the coming weeks.

Paul Driver

ARTS

Upbeat and dreamy

Sarah Hemming on an unashamedly escapist 'A Midsummer Night's Dream'

Six years ago the Georgian Film Actors' Studio of Tbilisi was the toast of the Edinburgh Festival with its mischievous *Don Juan*. The company's irreverent version of Moliere's play was laced with witty stage business and absurd characters, the most inspired being an onstage prompt who ran the show from a hole in the stage, chivvying along her wayward co-performers.

The same light touch and impish mood characterises the company's *A Midsummer Night's Dream* (showing in The Pit as part of the Everybody's Shakespeare Festival), though this time the comedy is gentler and more benign. Mikhail Tumanishvili, the company's charismatic director, developed this production during 1992, when Georgia was gripped by civil war. Rather than reflect the distress around him, he chose to cheer his audiences up, and his production is unashamedly escapist and genial, turning its back on some of the darker notes in the play.

The production's airy, dreamy mood is helped by the set, a simple cream space backed by a brightly coloured curtain that looks like a Jackson Pollock off-cut and a row of gauze screens also streaked with paint. This suggests a spirit of creativity, while at the same time being reminiscent of a nursery, and it makes for one single arena which, differently lit, is at once Athenian court, dark wood and fairy bower. This emphasises physically that the dream world and real world are closely intertwined – a notion Tumanishvili reinforces by having Titania and Oberon played by the same couple as Theseus and Hyppolita. Puck simply substitutes Theseus's golden wreath with a crown of fruits and flowers, and we are in the fairy world. This economy keeps the production moving along gracefully.

But while the production emphasises how the worlds of the play co-exist, it also, paradoxically, extracts plenty of comedy from the fact that they are oblivious to one another. Theseus and Hyppolita glide around in beatific beauty, impervious to the muddle around them; the fairies scurry about constantly, hiding behind the screens to titter at the mortals, and the mechanicals keep creeping through scenes, cowed and whispering, intent on their duty.

This is most effective, however, with the lovers, who are wonderfully, idiotically wrapped up in their own little world. They are wittily coupled: Lysander (Giorgi Pipinashvili) has a slightly rakish air that complements Nineli Chankvetadze's sweet, girlish Hermia (who takes a favourite cushion and a giant alarm clock with her to elope), while Gia Abesalashvili's precious, petulant Demetrius is a nice match for Rusudan Bolkvadze's sad, old-fashioned Helena. This foursome are delightfully young, foolish and full of comedy – at one point Helena, in her pursuit of Demetrius, rings him up on a silver phone, trying to cry without smudging her mascara as he rebuffs her again.

The production is full of nice comic touches, repeated here and there to pull the production together and lend it a feeling of harmony. The fairies, having got their queen off to sleep, drop the fairy-like behaviour and whip out a pack of cards; later, after a splendid rendition of Pyramus and Thisby, the workmen sink on to their stage for a well-earned snout.

The staging lacks somewhat in sexual charge and is not as dark or mysterious as some. But it is a charming, humane production, that brings the Everybody's Shakespeare Festival to an upbeat close.

Finishes today at The Pit.

Eka Kakhiani (left) and George Margvelashvili in A Midsummer Night's Dream

Sibling rivalry full of tension

Alastair Macaulay reviews the alternating cast of 'True West'

There is surely no acting in London today more interesting to watch than Mark Rylance and Michael Rudko swapping roles in Sam Shepard's *True West* at the Donmar Warehouse – alternating at each performance. I reviewed Rylance as Austin, Rudko as Lee, at the West Yorkshire Playhouse last month; but afterwards I said to a friend: "I can't imagine them the other way round." On opening night at the Donmar Warehouse, when they were playing the opposite roles, my friend said: "Well, *I* can't imagine it the *other* way round." So authoritative are their performances that at no point was I reminded of how the reverse casting had felt. Each character has changed; and so has the play.

Austin and Lee are brothers in southern California. Austin, the younger of the two, is the writer, domestic, civilised. Lee, the elder, is the loner, anarchic, desert-loving. The action takes place in their mother's apartment, where Austin is living (and has been tending her house plants); Lee's fondness for the desert comes from their father.

The play covers a brief period when they are in each other's orbits, during which they travel, psychologically, in opposing arcs, each trying to become the other. But the play is also an alarming, even terrifying, struggle for power.

Rylance usually appears to be one of our most marvellously Stanislavskian, naturalistic actors; but *True West* shows Rudko (an American actor) as actually the more utterly natural of the two. In neither role could I spot a moment's artifice or contrivance from him; you are not aware of his acting at all.

Rylance's acting is superbly organic, but it is also – relatively speaking – a triumph of technique. It is Rylance who can maximise the emotional highs and lows of a character, who can draw out attention (by the subtlest of means) to the vulnerability or cruelty of either role, and whose pacing is full of danger and surprise.

When Rudko plays Austin, he emphasises his weakness; Rylance as Lee is a more pronounced bully; and it is clear that the two are brothers who are engaging once more in an old rivalry. When Rylance was Austin he revealed his Apollonian restraint and quiet forbearance and anguish; and Rudko, as Lee, was the vulpine, Dionysiac, prowler from the wild; and it seemed astonishing, and exciting, that these two polar opposites could be brothers at all.

Congratulations to Matthew Warchus, the director, for helping to elicit performances of this calibre. *True West* is a lean play, acute in the way it touches on the larger politics of sibling rivalry, but not endlessly growing in the mind as one watches it. To my surprise, however, it had just as much tension the second time around, and seemed less, not more schematic. For two actors to alternate like this is daring, and marvellous.

At the Donmar Warehouse, WC2.

The future starts to reveal itself

Antony Thorncroft takes a close look at arts funding, orchestras and the Baroness's successor

The nation's arts companies will be blessed if they expect little when their cheques arrive from the Arts Council for 1995-1996. Lord Gowrie, council chairman, said this week that he was not optimistic about persuading Stephen Dorrell, heritage secretary, to restore the £3.5m cut in the English Arts Council's grant made a year ago.

He is resigned to standstill funding and the possibility that some arts companies will fold. By the end of this financial year the nation's Big Four – the Royal Opera, ENO, RSC and the National Theatre – will have combined deficits of more than £5m: even getting back the £3.5m will not bring financial health to the arts.

But Gowrie warned against public whingeing. As a former arts minister he could confidently assert that when leading figures mounted their coffee tables and demanded more subsidy, the political Establishment quickly sided with the Treasury in keeping arts funding on a tight rein.

David Mellor's success as an arts-loving Treasury secretary in getting a substantial lift in funding four years ago has proved a liability. The Treasury regarded it as the final hand-out, but already recession-hit companies are back with their begging bowls.

The next few months are crucial. By April lottery money will be feeding into the arts. It is meant for capital projects but companies such as the National Theatre are forced to spend large chunks of their grant on patching up the building. If the lottery sorts this out the NT can release money into new productions and eliminate any 1994-1995 deficit.

★

The orchestras are at last realising that they must change their ways if they are to maintain a live audience for classical music.

The future starts to reveal itself at the Queen Elizabeth Hall on the South Bank on November 30 when the London Mozart Players perform Mozart and Haydn enhanced by a large screen at the back of the hall.

Blitz Vision is simultaneously videoing the concert, and the audience will see close-ups on screen of the musicians and the conductor Matthias Bamert, whose cool exterior apparently hides wonderful facial expressions until now enjoyed only by the players. There will also be sub-titles.

The musicians have been told to ham it up a bit, with plenty of mutual glances and soft smiles for the screen. They are also expected to improve their behaviour on stage – less talking and more cohesion in their exits and entrances.

The South Bank will watch the experiment with interest: it will be expected to pay for any permanent screen coverage. Next spring the SB is planning to introduce its own audio guides to concerts.

What with the more relaxed attitude towards dress pioneered by the RPO, a visit to an orchestral concert will soon be as invigorating as watching Pink Floyd at Earl's Court.

★

The hunt is on for a successor to Baroness O'Cathain who last week took fully paid leave of absence as managing director of the Barbican. Bernard Harty, the City Chamberlain, who has stepped into the breach, is expected to keep the seat warm for her successor, or rather successors.

The Barbican needs two people, a managing type with arty leanings to run the place, and an arts director to look after the programming. There should be no shortage of applicants, with the top job commanding a salary of about £100,000 a year, the highest in the arts in the UK, and the deputy getting around £70,000.

The head-hunters will be looking at a short, select list. Patrick Deuchar has made a success of the Royal Albert Hall and must be in the frame, along with John Tusa, a successful ex-BBC boss. It would be difficult to lure Brian McMaster away from the Edinburgh Festival, but Genista Mackintosh, ex-RSC, now National Theatre, has the experience. Ian Horsborough, who runs the Guildhall School, is on the spot and Anthony Whitworth-Jones might be prepared to leave Glyndebourne now that the new theatre has opened.

For the arts planning job the successful applicant must be well versed in classical music, so Paul Findlay, ex-Covent Garden, now RPO, might be considered, or Ian Ritchie, who has just left Opera North.

Running the Barbican is an odd sort of job. The theatre programming is handled by the RSC and much of the music by the LSO, the Barbican's house band. The managing director must be on top of the bars, cafés, parking, lavatories and general ambience of the place, but must also inspire arts festivals and give the Barbican an artistic style and cutting edge.

Chess No 1048: 1 Qa1 Kc6 (Kc4 2 Qc3 mate) 2 Qh8 and if Kd7 3 Qe8, or Kc4 3 Qc3, or Kb7 3 Qa8.

TELEVISION

SATURDAY

BBC1

7.00 Lassie. 7.25 News. 7.30 Pingu. 7.35 Happy Birthday. 7.45 Marlene Marlowe Investigates 8.05 Albert the Fifth Musketeer 8.30 The New Adventures of Superman 9.15 Live and Kicking

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including at 12.20 Football Focus: Review of the midweek internationals. 12.25 Racing from Aintree and Ascot. From Aintree: The 12.30 Tote Bookmakers Novices Chase and 1.00 Stanley Leisure Race. From Ascot: The 12.45 Aurelius Hurdle. 1.10 News. 1.15 Racing. From Aintree: The 1.35 Crowther Homes Becher Handicap Chase. From Ascot: The 1.20 First National Bank Gold Cup Chase. 1.50 Rugby Union. Scotland v South Africa. Live coverage from Murrayfield as the Springboks play their first international on Scottish soil since 1969. 3.30 Racing from Ascot: The 3.40 Gardner Merchant Handicap Hurdle. 3.50 Football Half-Times. 3.55 Snooker: The UK Championship. Early frames from the Guild Hall, Preston. 4.30 Football. 4.40 Final Score. Times may vary. Snooker coverage continues on BBC2.
5.15 News.
5.25 Regional News and Sport.
5.30 Dad's Army.
6.00 Bruce Forsyth's Generation Game.
7.00 The National Lottery Live. A nation holds its breath as the numbers are drawn for Britain's first televised national lottery.
8.00 Casualty. A village rugby match ends in tragedy, forcing Mike to administer impromptu first aid, Josh is joined by a new partner, and Ash takes charge in Charlie's absence.
8.50 News and Sport; Weather.
9.10 The National Lottery Live. Gordon Kennedy presents an update.
9.15 Film: Roxanne. Comedy updating the tale of Cyrano De Bergerac, starring Steve Martin as a sensitive fireman who falls in love with a beautiful young woman (Daryl Hannah), only to find his oversized nose getting in the way of romance. With Rick Rossovich, Shelley Duvall, Damon Wayans and Michael J. Pollard. (1987).
11.00 Match of the Day. Highlights of two top matches in the FA Premiership including Newcastle's game against Wimbledon.
12.00 The Danny Baker Show. An interview with Paul Gascoigne.
12.45 Snooker: The UK Championship.
2.10 Weather.
2.15 Close.

BBC2

8.05 Open University. 10.00 Chanakya. (English subtitles). 10.40 Style Byte. 10.50 Network East. 11.20 Bollywood or Bust! 11.50 Film 94 with Barry Norman. 12.20 pm Film: She Done Him Wrong. 1.25 The Sky at Night.

1.45 The Phil Silvers Show.
2.10 Horizon. Teams of scientists in California, Cambridge, Italy and Tenerife perform the first practical experiments aimed at proving the big bang theory.
3.00 Glenn Miller: America's Musical Hero. A celebration of the US bandleader's glittering career, reliving some of the memorable tunes he left as his legacy, including In the Mood and Pennsylvania 65000.
4.00 Top Gear Rally Report. Steve Lee and Tony Mason preview the motoring event starting tomorrow in Chester.
4.30 Snooker: The UK Championship. David Vine introduces further third-round coverage from the Guild Hall, Preston.
5.15 TOTP2.
6.00 Late Again. Highlights from last week's editions of The Late Show.
6.45 What the Papers Say. Review of the week's news as reported in the press.
7.00 News and Sport; Weather.
7.15 Assignment. Report on the bloody struggle raging between Algeria's military rulers and the country's Islamic fundamentalists, which has so far cost the lives of many thousands of people, including more than 60 overseas visitors.
8.00 Later with Jools Holland. Jools introduces music by Robert Plant and Jimmy Page, Les Negresses Vertes and Elastica.
9.00 Have I Got News for You. Comedian Nick Hancock and former Coventry goalkeeper-turned-New Age guru David Icke join the increasingly tired the banter between Paul Merton, Ian Hislop and Angus Deayton.
9.30 Performance: The Mother. Anne Bancroft stars in this new production of Paddy Chayefsky's moving 1954 drama about a widow's struggle to maintain her dignity.
10.30 Last Word. Germaine Greer and her female guests debate the subject of responsibility to parents from grown-up children.
11.15 Film: Le Samourai. Compelling thriller, starring Alain Delon and Francois Perier. Part of the Lost and Found season. (1967). (English subtitles).
12.55 Uncut. Unedited Video Nation highlights.
1.30 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The Chart Show. 12.30 pm Speakeasy.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Champions' League Special. Previews of Gothenburg v Manchester United, and AC Milan v Ajax in Europe's premier club competition.
1.40 Movies, Games and Videos. Reviews of Airheads, starring Brendan Fraser, and Nick Nolte's new romantic comedy I Love Trouble. Plus, Cool Runnings and Jurassic Park on video.
2.10 WCW Worldwide Wrestling. No-holds-barred grappling action.
3.00 Saint's Soccer Skills. Wycombe Wanderers' manager Martin O'Neill and Tottenham superstar Jurgen Klinsmann pass on tricks of the trade.
3.20 Brand New Life. A TV producer persuades the Gibbons family to appear in a fly-on-the-wall documentary.
4.15 Disaster Chronicles. Documentary series focusing on disasters.
4.45 ITN News and Results; Weather.
5.05 London Tonight and Sport; Weather.
5.10 Baywatch. Mitch tries to rekindle his romance with Stephanie.
5.59 National Lottery Introduction. Cilla Black introduces a special evening's programmes, including the lottery result as it is announced.
6.00 Gladiators. Contestants from Leeds, Nottingham, Kings Lynn and Stoke-on-Trent take on the muscle-bound warriors.
7.00 Blind Date. Cilla Black plays Cupid to another group of hopefuls vying to win the heart of a potential partner.
8.00 Diana: Portrait of a Princess. Intimate film profile, using exclusive film footage and insider testimony to chart the Princess's life since her separation from Prince Charles.
9.00 ITN News and National Lottery Update; Weather.
9.10 London Weather.
9.15 Film: Red Heat. Action adventure, with Peter Boyle and Larry Fishburne (1988).
11.10 The Big Fight – Live! Prince Naseem Hamed v Laureano Ramirez.
12.40 Love and War.
1.10 Get Stuffed; ITN News Headlines.
1.15 The Big E.
2.10 New Music.; ITN News Headlines.
3.10 European Nine-Ball Pool Masters.
4.05 The Magic Wok.
4.30 BPM.

CHANNEL4

6.00 4-Tel On View. 6.25 Early Morning. 9.45 Blitz. 11.00 Gazzetta Football Italia. 12.00 Sign On: Your Views. 12.30 pm The Great Maratha. (English subtitles).

1.00 Film: Easy Money. Comedy-drama chronicling the fortunes of four very different football pools winners. Starring Jack Warner and Petula Clark (1948).
2.40 Film: The Love Lottery. A British film star becomes first prize in an international lottery. Ealing comedy, with David Niven and Peggy Cummins (1953).
4.20 Magoo's Problem Child. First in an animated double bill.
4.25 Magoo's Cruise. Myopic capers with Mr Magoo.
4.30 No Applause, Just Throw Money. Footage of street performers in action, ranging from musicians, to jugglers and mime artists.
5.05 Brookside.
6.30 Right to Reply. Roger Bolton presents viewers' opinions about television.
7.00 A Week in Politics. Irreverent review of the week's political stories; News Summary.
8.00 A Short Film About Winning Fortunes. Investigation into problems brought by sudden wealth, focusing on the case of 1960s pools winner Viv Nicholson who fulfilled her vow to spend, spend, spend only too well.
8.20 Film: How to Marry a Millionaire. Witty comedy, starring Betty Grable, Marilyn Monroe and Lauren Bacall as scheming gold-diggers determined to land themselves wealthy husbands (1953).
10.05 Rory Bremner: Who Else? Satirical comedy and impersonations.
10.45 Film: Dollar Mambo. Premiere. Musical parable set in Panama at the time of the US invasion, about a nightclub where various misfits seek refuge from the harsh realities of life. Roberto Sosa stars (1993). (English subtitles).
12.00 Late Licence.
12.10 Herman's Head.
12.45 Butt Naked.
1.20 Let the Blood Run Free.
1.50 Curious: The Velvet Underground in Europe.
2.55 Velvet Redux: Live MCMXCIII.
4.00 Close.

REGIONS

SUNDAY

BBC1

7.25 The Man from U.N.C.L.E. 8.15 Breakfast with Frost. 9.15 Morning Worship. 10.00 See Hear! 10.30 French Experience. 10.45 Easy Money. 11.00 The 11th Hour.

12.00 CountryFile. Agricultural issues.
12.25 Weather for the Week Ahead; News.
12.30 On the Record. Trends in British and European politics.
1.30 Cartoon.
1.40 The Young Indiana Jones Chronicles. New series. A youthful Indy makes his first trip to Egypt and encounters an intriguing mystery.
2.25 EastEnders.
3.45 Martin Chuzzlewit. A tragedy befalls the Chuzzlewits, and Martin decides to seek his fortune in America. Shown last Monday on BBC2.
4.40 The Bookworm. The enduring appeal of the Just William books, and an interview with bestselling novelist Catherine Cookson.
5.10 The Clothes Show. A style guide to Dublin, and report on a fashion show at Paignton's Festival Theatre featuring local slimming club members.
5.35 Just William.
6.05 News.
6.25 Songs of Praise. A Children in Need special from the Linacre Road Methodist Mission Church in Bootle.
7.00 Children in Need: The Final Countdown. A final behind-the-scenes look before the TV appeal takes off, reviewing some of the wacky events that have taken place already.
7.10 Lovejoy. Dodgy dealer Lovejoy embarks on a risky scheme – and places his own daughter's welfare at risk.
8.00 Vintage Last of the Summer Wine. Compo expresses an unexpected desire to scuba dive – prompting the sudden purchase of Sid's wetsuit.
8.30 Birds of a Feather.
9.00 Seaforth. Bob finds a way to make easy money, and John Stacey plots to take over Winter's Engineering.
9.50 News and Weather.
10.05 The Full Wax.
10.35 Everyman. New series. Profile of serial killer Jeffrey Dahmer, investigating how a seemingly normal person could become a murderer.
11.15 Film: Crucifer of Blood. Charlton Heston as Sherlock Holmes investigates a family curse. Mystery, co-starring Richard Johnson, Susannah Harker, Simon Callow and Edward Fox (1991).
12.55 Weather.
1.00 Close.

BBC2

7.30 Tales of the Tooth Fairies. 7.35 Bump. 7.40 Blinky Bill. 8.05 Wishing. 8.15 Playdays. 8.35 Moomin. 9.00 The Busy World of Richard Scarry. 9.25 Bitsa. 9.40 Stone Protectors. 10.00 TimeBusters. 10.25 Grange Hill. 10.50 The Boot Street Band. 11.20 Artrageous. 11.45 The O Zone. 12.00 Quantum Leap.

12.45 Top Gear Rally Report. Live coverage on day one from Clumber Park in Nottinghamshire.
2.00 Around Westminster. Roundup of parliamentary proceedings.
2.30 Sunday Grandstand. Introduced by Steve Rider. 2.35 Rugby League: Live coverage of Great Britain v Australia from Elland Road. 4.20 Snooker: The UK Championship from Preston. Times may vary.
5.10 Rugby Special. Highlights of Scotland v South Africa from Murrayfield, and Swansea v Neath at St Helens.
6.10 Top Gear Rally Report. Steve Lee presents a round-up of news from day one.
7.00 The Money Programme. Report on the future of British Telecom in the light of recent moves by cable TV companies to begin supplying domestic communication systems.
7.40 Video Nation Weekly. A Jamaican expatriate records her life in London.
8.00 From A to B: Tales of Modern Motoring. Portraits of the British and their cars, beginning with an insight into the lives of seven first-time drivers.
8.50 Strings, Bows and Bellows. The second movement of Alfred Schnittke's Sonata for cello and piano.
9.00 Snooker: The UK Championship. Coverage of this evening's crucial third-round matches from the Guild Hall in Preston.
9.50 Timewatch. Reconstruction of episodes from the English Civil War, showing how families up and down the country were divided by conflicting loyalties.
10.40 Snooker: The UK Championship. David Vine presents highlights from tonight's matches at the Guild Hall in Preston.
11.30 Film: The Killing. Stanley Kubrick's drama about an ex-convict's elaborate plot to rob a heavily guarded racetrack. Sterling Hayden, Colleen Gray and Vince Edwards star (1956).
12.50 Film: Killer's Kiss. A boxer becomes a marked man after saving a woman from her gangster lover. Stanley Kubrick's thriller, starring Frank Silvera, Jamie Smith and Irene Kane (1955).
2.00 Close.

LWT

6.00 GMTV. 8.00 The Disney Club. 10.15 Link. 10.30 Sunday Matters. 11.00 Morning Worship. 12.00 Sunday Matters. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.
1.10 The War Machine Debate. Jonathan Dimbleby invites arms traders, programme-makers and politicians to discuss ethical issues raised by the week's programmes.
2.00 The Mountain Bike Show. A visit to Bushy Park in Surrey.
2.30 Saint's Soccer Skills. John Salako and Jurgen Klinsmann pass on tricks of the trade.
2.45 The Sunday Match. Middlesbrough v Wolverhampton Wanderers. Live coverage of the clash from Ayresome Park between two of the outstanding teams in the Football League.
5.15 Love and Marriage. Roy and Fiona tie the knot in a register office. Miriam prepares to marry Brian and Kevin goes to buy a wedding suit.
5.45 The London Programme. The truth behind Operation Bumblebee, the Metropolitan Police's attempt to crack down on crime in London.
6.15 London Tonight; Weather.
6.30 ITN News; Weather.
6.40 Schofield's Quest. UFO sightings over Ilkley Moor, an Abba convention in Bristol, and attempts to establish the truth behind the Robin Hood legend.
7.30 Heartbeat. Nick investigates a case of aggravated burglary on the outskirts of Aidensfield.
8.30 You've Been Framed! Comic compendium of domestic disasters.
9.00 London's Burning. The propane cylinder storage depot blaze continues, bringing devastating news for George.
10.00 Spitting Image. Merciless satire.
10.30 ITN News; Weather.
10.40 London Weather.
10.45 The South Bank Show. Profile of harmonica player Larry Adler as he celebrates his 80th birthday by recording an album of Gershwin standards helped by Beatles producer George Martin.
11.45 You're Booked!
12.15 Cue the Music.
1.15 Married – With Children.
1.45 Get Stuffed; ITN News Headlines.
1.50 Film: Maid in America. Domestic comedy, starring Susan Clark and Alex Karras. (TVM 1982).
3.35 Get Stuffed; ITN News Headlines.
3.40 Film: Vital Signs. Powerful drama, starring Ed Asner and Gary Cole. (TVM 1986).
5.25 Get Stuffed.

CHANNEL4

6.00 Blitz. 7.10 Early Morning. 10.00 Dennis. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie. 12.40 pm Ryan Giggs Soccer Skills.

1.15 Football Italia. Coverage of top Serie A fixture Foggia v Parma.
3.30 Last Train to Medicine Hat. Australian journalist Murray Sayle's epic journey on the Trans-Canada Express; News Summary.
4.05 Joe Cocker: Have a Little Faith. The Sheffield singer looks back over his roller-coaster career and discusses how he became one of the world's leading soul stars.
5.10 Belfast Lessons. Reports from Belfast's Hazelwood College.
5.25 Film: 20 Million Miles to Earth. A giant reptilian monster from Venus runs amok in Italy. SF thriller, starring William Hopper and Joan Taylor (1957).
7.00 Equinox. Debate on a controversial method of stimulating unborn children with rhythmic sounds, which allegedly increases their intelligence significantly.
8.00 Beyond the Clouds. Dr Tang's surgery is threatened with closure as economic pressures tighten their grip. Last in series. (English subtitles).
9.15 Film: Other People's Money. Satirical comedy, starring Danny DeVito as a ruthless asset-stripper determined to force businessman Gregory Peck to sell his small-town factory. With Penelope Ann Miller (1991).
11.10 Tracking Down Maggie. Nick Broomfield's offbeat quest to interview Margaret Thatcher, as he attempts to break through the Iron Lady's public image to reveal the private personality underneath.
12.50 Film: Intimo Terror. Premiere. Psychological drama directed by Walter Dohner, tracing a middle-class woman's attempts to come to terms with the aftermath of the Mexican earthquake (1992). (English subtitles).
2.30 Close.

REGIONS

12.30 Westcountry Update. 12.55 Westcountry News. 2.00 Hot Wheels. 2.30 Air Ambulance. 3.00 Scott of the Antarctic. (1948) 5.00 Wild West Country. 5.30 Father Dowling Investigates. 6.25 Westcountry News 10.40 Westcountry Weather. 11.45 Prisoner: Cell Block H.

YORKSHIRE:
12.25 Kickabout. 12.50 Calendar News. 2.00 The Munsters Today. 2.30 Your Match – Live. 5.05 Dinosaurs. 5.30 Animal Country. 6.00 Calendar and Weather 10.40 Local Weather. 11.45 New Visions.

RADIO

SATURDAY

BBC RADIO 2

6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Judi Spiers. 12.00 Hayes on Saturday. 1.30 The News Huddlines. 2.00 Martin Kelner on Saturday. 4.00 Emmylou Harris. 5.00 Marti Caine and Friends. 6.00 Cameron Mackintosh: The Producer. 7.00 The Golden Days of Radio. 7.30 Schools Prom. 9.30 David Jacobs. 10.00 Sheridan Morley. 12.05 Ronnie Hilton. 12.35 Charles Nova. 4.00 Sujata Barot.

BBC RADIO 3

6.30 Open University: Countdown to Angles. 6.55 Weather. 7.00 Record Review. 9.00 Building a Library. Mendelssohn's Piano Concerto No 1 in G minor, by Bryce Morrison. 10.15 Record Release. Copland, Ives, Sondheim, Weill, Bernstein, Sibelius. 12.00 Spirit of the Age. 1.00 Table Talk. 1.20 Round the Horn. 3.00 Vintage Years. 5.00 Jazz Record Requests. With Geoffrey Smith. 5.45 Music Matters. The tercentenary of Voltaire's birth. 6.30 The Rake's Progress. Stravinsky's opera to a libretto by WH Auden and Chester Kallman. 9.15 Blue Sides. Do humans have free will? 9.45 Coming of Age. Mozart, Weber, Brahms, Purcell, Britten. 11.00 Impressions. Brian Morton's selection of recent releases. 12.30 Close.

BBC RADIO 4

6.00 News. 6.10 Farming Today. 6.50 Prayer for the Day. 7.00 Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 Loose Ends. 11.00 The Week in Westminster. 11.30 Europhile. 12.00 Money Box. 12.25 I'm Sorry I Haven't a Clue. 1.00 News. 1.10 Any Questions? With Baroness Brenda Dean. 2.00 Any Answers? 071-580 4444. Listeners' comments. 2.30 Playhouse: Daughters of Venice. Don Taylor's romantic comedy. 4.00 Scapegoats. Travellers. 4.30 Science Now. 5.00 File on 4. 5.40 Another View from the Fish Queue. 6.00 News and Sports. 6.25 Week Ending. 6.50 The Locker Room. 7.20 Kaleidoscope Feature. Dutch painter Piet Mondrian. 7.50 Opera: The Flying Dutchman. Starring Owen Teale. 8.50 Music in Mind. 9.50 Ten to Ten. 10.00 News. 10.15 Quote Unquote. 10.45 Chocolate Nuns and Firebombs. 11.00 Richard Baker Compares Notes. 11.30 Death Comes Staccato. 12.00 News. 12.33 Shipping Forecast. 12.43 (LW) As World Service. 12.43 (FM) Close.

BBC RADIO 5 LIVE

6.05 Dirty Tackle. 6.30 The Breakfast Programme. 9.05 Weekend with Kershaw and Whittaker. 11.05 Special Assignment. 11.35 Crime Desk. 12.00 Midday Edition. 12.15 Sportscall. 1.05 Sport on Five. 5.00 Sports Report. 6.05 Six-O-Six. 7.35 Saturday Edition. 9.05 Asian Perspective. 9.35 The Gossip Column. 10.05 The Treatment. 11.00 Night Extra. 12.05 After Hours. 2.05 Up All Night.

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times BST: 6.00 Morgenmagazin. 6.30 Europe Today. 7.00 World News. 7.15 Waveguide. 7.25 Book Choice. 7.30 People and Politics. 8.00 World News. 8.09 Words of Faith. 8.15 A Jolly Good Show. 9.00 World News and Business Report. 9.15 Worldbrief. 9.30 Development 94. 9.45 Sports Roundup. 10.00 Printer's Devil. 10.15 Letter from America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From the Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin. 12.00 World News. 12.09 Words of Faith. 12.15 Multitrack Alternative. 12.45 Sports Roundup. 1.00 Newshour. 2.00 News Summary; Sportsworld. 4.00 World and British News. 4.15 BBC English. 4.30 Heute Aktuell. 5.00 News Summary. 5.05 Waveguide. 5.15 BBC English. 6.00 Newsdesk. 6.30 Heute Aktuell. 7.00 News and features in German. 8.00 World News. 8.10 Words of Faith. 8.15 Development 94. 8.30 Jazz for the Asking. 9.00 Newshour. 10.00 World News. 10.05 Words of Faith. 10.10 Book Choice. 10.15 Meridian. 10.45 Sports Roundup. 11.00 Newsdesk. 11.30 The Story of Western Music. 12.00 World and British News. 12.15 Good Books. 12.30 Play of the Week. 2.00 Newsdesk. 2.30 The Struggle for Oil. 3.00 World and British News. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 David Jacobs. 4.00 A Royle Tour. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 There'll Never Be Another. 12.05 Steve Madden. 3.00 Alex Lester.

BBC RADIO 3

6.55 Weather. 7.00 Sacred and Profane. Kodaly, Chopin, Palestrina, Anon, Dvorak. 8.55 Choice of Three. Alan Plater previews forthcoming programmes. 9.00 Brian Kay's Sunday Morning. 12.15 Music Matters. The tercentenary of Voltaire's birth. 1.00 Schnittke at 60. 2.20 BBC Singers. Dvorak. 3.00 Young Artists' Forum. Music by Schumann, Saint-Saens and Mozart. 4.30 The BBC Orchestras. Nielsen and Henselt. 5.15 Making Waves. From the Belfast Festival. 6.00 Jean-Yves Thibaudet. Ravel, Liszt, Verdi arr Liszt. 7.00 The Sunday Play: The Tragedy of King Lear Starring Sir John Gielgud. 10.15 Music in Our Time. Schnittke and Andrew McBirnie. 11.30 Choir Works. Janacek. 12.30 Close.

BBC RADIO 4

6.00 News. 6.10 Prelude. 6.30 Morning Has Broken. 7.00 News. 7.10 Sunday Papers. 7.15 The Living World. 7.40 Sunday. 8.50 The Week's Good Cause. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 Mediumwave. 11.45 Four Corners. 12.15 Desert Island Discs. 1.00 The World This Weekend. 2.00 Gardeners' Question Time. 2.30 Classic Serial: Operama – La vie de Boheme. 3.30 Pick of the Week. 4.15 Analysis. 5.00 Hack on the Cut. 5.30 Poetry Please! 6.00 Six O'Clock News. 6.15 Feedback. 6.30 Children's Radio 4. 7.00 In Business. The world of sales. 7.30 A Good Read. 8.00 (FM) Scapegoats. 8.00 (LW) Writer's Weekly. 8.30 (FM) Reading Aloud. 8.30 (LW) The French Experience. Phrase books. 9.00 (FM) The Natural History Programme. 9.15 (LW) Make German Your Business. 9.30 (FM) Costing the Earth. 9.45 (LW) Short Stories in Spanish. 10.00 News. 10.15 Love and Death. 10.45 Eureka! 11.15 1066 and All That Weather. 11.45 Seeds of Faith. 12.00 News. 12.30 Shipping Forecast. 12.43 (LW) As World Service. 12.43 (FM) Close.

BBC RADIO 5 LIVE

6.05 Hot Pursuits. 6.30 The Breakfast Programme. 9.00 Mitchell on Sunday. 12.00 Midday Edition. 12.15 The Big Byte. 1.05 Top Gear. 1.35 On the Line. 2.05 You Cannot Be Serious! 3.05 Sunday Sport. 6.05 Jim and the Doc. 7.00 News Extra. 7.35 The Acid Test. 8.00 The Ultimate Preview. 10.05 Special Assignment. 10.35 Crime Desk. 11.00 Night Extra. 12.05 Nightcall. 2.05 Up All Night.

WORLD SERVICE

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CHESS

Garry Kasparov, who two months ago was humiliated by the Pentium Genius computer in London, recovered in the style of a world champion to win the Paris leg of the Intel Grand Prix this week and thus shared the $50,000 bonus for the best overall total.

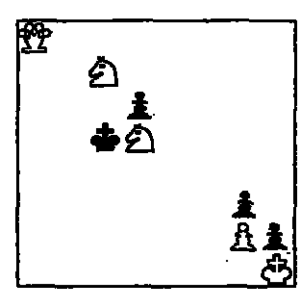
Kasparov, beaten in Moscow and New York and apparently out of contention, had a slim chance because points scored in Paris were counted double. Then his rivals Anand and Ivanchuk lost to unseeded opponents while Kasparov eliminated Kramnik in the semi-final. The two Ks tied for the Grand Prix, with Adams, seventh, the best Briton. Rapid chess at 25 minutes per player for the whole game invites elementary mistakes, as when Adams blundered a knight in 13 moves. But Kasparov can create deep strategies at speed, and here he outflanks Black's central bulwark by an impressively controlled pincer attack down the b and g files (G Kasparov, White; J Hjartarson, Black; Intel Paris 1994).

1 d4 Nf6 2 Nf3 e6 3 g3 b5 A risky choice, but the Icelander was one down in a two-game match. 4 Bg2 Bb7 5 Bg5 c5 Black's approach is too ambitious; better is Be7, gaining space later with the b5 pawn.

6 c3 Qb6 7 Bxf6 gxf6 8 0-0 Na6 9 a4! b4 10 a5 Qc7 11 e3 Rb8 12 Nh4 Bxg2 13 Nxg2 Qc6 14 Nf4 Nc7 15 Nd2 bxc3 16 bxc3 Bd6 17 Nh5! Kasparov already sees b8,f6, and g7 as his target squares.

Be7 18 Qg4 Nd5 19 c4 Nc3 20 Rfc1 Rb2 If Na4 21 d5! exd5 22 cxd5 Qxd5 23 Ne4 wins at least a piece. 21 Rxc3 Rxd2 22 Rb3 Qc7 23 Rab1 Resigns. Black cannot stop the attack on two fronts, and White wins by Rb8+, Qg7 and Nxf6+.

No 1048



White mates in three moves at latest, against any defence (by C Planck). The obvious 1 Qa4 draws by stalemate, so White has to allow the BK an escape route.

Solution Page XVIII

Leonard Barden

BRIDGE

Today's hand is from rubber bridge. It teaches a useful lesson.

N
♠ Q 7 2
♥ 10 8 4 3
♦ A J 3
♣ 8 5 3

W
♠ A K J 8 6 5
♥
♦ 10 8 2
♣ K J 9 6

E
♠ 10 9 3
♥ 7 6 5
♦ Q 9 6 4
♣ 10 7 2

S
♠ 4
♥ A K Q J 9 2
♦ K 7 5
♣ A Q 4

With East-West vulnerable West dealt and bid one spade. North and East passed. South reopened with three hearts, which North raised to four.

West led the ace of spades, East dropping the three, and switched to the diamond 10. Seeing the chance of a free finesse, the declarer happily played the knave from the table. East covered with the queen, and the declarer was forced to take. If he does not, East will make the lethal club switch. The trumps are drawn in three rounds, declarer cashed the ace of diamonds, and followed with the two. East, a first-class player, won and led back the 10 of clubs – the two will not do, for it will endplay West – and declarer failed to make his contract.

Let us replay the hand together with a better sense of timing. When at trick two West leads the diamond 10, we allow it to hold. We take the next diamond with the king, lead the heart nine to dummy's 10, ruff the seven of spades, cash the ace of hearts, and cross to the eight of hearts on the table, Now we play dummy's spade queen, discarding the four of clubs from hand. West is forced to take, and is securely endplayed. A club runs into our tenace, a spade concedes a ruff discard.

Do not take "free" finesses, for which you will pay later.

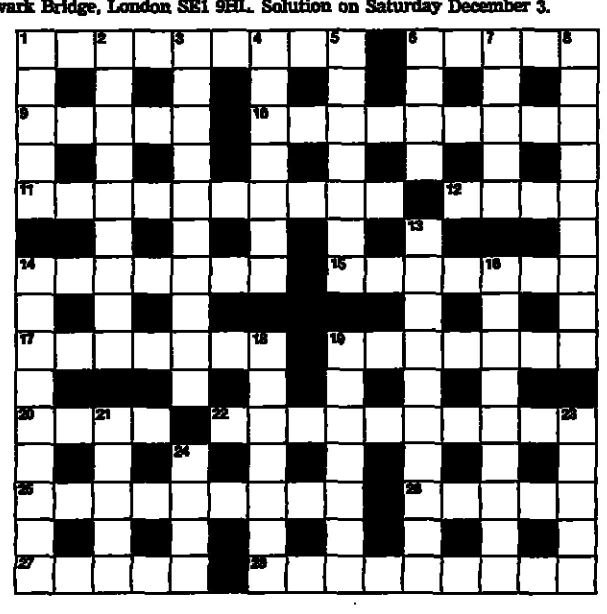
E.P.C. Cotter

■ *A weekend with E.P.C Cotter – see page XII*

CROSSWORD

No. 8,615 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday November 30, marked Crossword 8,615 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Saturday December 3.



Name..

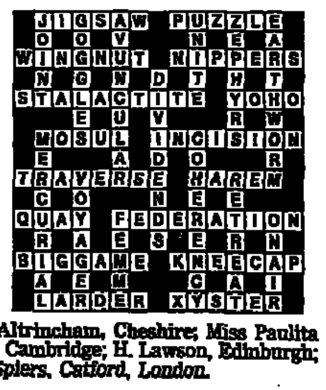
Address..

ACROSS
1 Intractable strain set free (9)
2 Turner's city article (5)
9 Feast making a crop circle? (5)
10 Bookies' enclosure barrier (4-5)
11 Sweeping Weybridge, say? (5-5)
12 Porter, perhaps, has run after worker (4)
14 Shellfish from Jack, single-handed (7)
15 Solomon's visitor no good for an affair? (7)
17 T. More, he turned over a statement (7)
19 Player from Spain, it is stated incorrectly (7)
20 Strange, proud opening of the old parliament (4)
22 Alerted early (not, presumably, like the Venus de Milo) (10)
25 One suffering heat burns? (9)
26 W-H-E-A-T? (5)
27 Tie reverses roles (5)
28 Building society customer in bad riot after cashier fails to finish (9)

DOWN
1 Beer brewed and left to ferment (5)
2 Flight with all amenities? (9)
3 Scratch on table, a feature of Lord's (10)
4 Fresh air, clue to upper chamber (7)
5 Complications of square points of view? (7)
6 Biography of Botticelli featured within (4)
7 Taught, we hear, in a grammar school under pressure (5)
8 Gaze at brilliant plant (9)
13 Foot-long skeleton from Sumatra, set to be pieced together (10)
14 Star characters kiss tears away (9)
16 Association for evening? (9)
18 Skulked, having Low Church education cut back (7)
19 Western Region paper shredded to provide packing in advance (3-4)
21 Alternative to island home (5)
23 Caution! Dead tree is to be knocked down (5)
24 Vehicle starts to pink and knock (4)

Solution 8,614

Solution 8,603



WINNERS 8,603: Richard Btesh, Altrincham, Cheshire; Miss Paulita Buckley, Geneva; Andrew J. Wire, Cambridge; H. Lawson, Edinburgh; I.M. Jamieson, Edinburgh; Mark Spiers, Catford, London.

Peter Aspden

Confessions of a Bovril fondler

I believe everything I read about supermarkets. The way they polish their fruit to make it sparkle, the effort they put into wafting wholesome smells down the aisles to make us feel good, the cunning ploy of moving their most popular items to keep us guessing (and spending); the stories of their wiles are legion, and I swallow uncritically every single one.

But unlike most of my fellow shoppers, who simmer in outrage at the thought of being constantly manipulated, I love supermarkets. There is nothing I prefer to spending a couple of hours in one of these temples of consumer irrationality, watching the new brands come and go, noting the latest trends in packaging design and watching punters whirl their trolleys around in a haze of clashing subliminal signals.

Occasionally I like to pick up and fondle a supermarket design classic as a kind of tribute, like flashing your lights when you come across an Aston Martin DB5; there is nothing quite like enjoying the sleek sensuality of a bottle of Perrier, the brash self-confidence of a Coca-Cola can, tempered by the sinuous curve which represents the original bottle design, even the beefy splendour of a jar of Bovril. It must look pretty weird on the store video, but I can get lost in any of these innocent pleasures.

But my favourite game is trying to guess the motivation behind changes in product packaging which seem, to my inexperienced eyes, to have no logic at all. For instance, some years ago, my favourite cereal, Coco Krispies, changed its name to Coco Pops. Presumably, it was a decision taken at a high-ish level, for carefully-considered reasons; there must have been a mountain of market research urging Mr Coco and his pals that while "Krispies" contained a dangerously ambiguous message, the unique essence of the product was rather better conveyed by "Pops".

Well, I, for one, was unhappy. As an act of protest, I never gave the new product a chance. I felt we had grown too far apart. The years slipped by, I grew up, and turned, as one does, to muesli, only to find that there was no escape from the packaging gurus: now they were competing for my attention with pictures of mountains. Everywhere I looked, Swiss landscapes beckoned; in fact, I am sure the air got ever-so-slightly thinner as I approached the breakfast counter. Nothing would have surprised me any more.

So now I no longer worry about these things. I can confidently stride up to a counter of disinfectants and decide whether I prefer a pine toilet duck to a pot pourri one, or vice versa. I have learned to enjoy the brain-curdling dizziness of the ride, for now I know that none of it really matters. Only one thing continues to bug me about supermarkets – their misguided belief that we all crave the personal touch.

I could just about put up with assistants wearing name badges, but last week I came across a truly horrific development - the personalised sandwich. Stilton and apple on walnut bread, it said, with one of those manufacturer's names which sound like a character from *Brideshead Revisited*, a list of ingredients and a sell-by date - and then, underneath all these, the dreadful words: "Prepared by Frank".

Now I have got nothing against Frank; in fact it was a lovely sandwich. But escaping into a supermarket for an hour or two every week is one of the great soulless joys of late 20th century urban life, and the last thing I want to know is that there are real human beings at the other end of my consumer transactions. I want my food devised in test tubes, prepared by robots, delivered to the shelves by 40-ton trucks and checked out by electronic wizardry. I do not want to talk to anyone, and if anyone wishes me a nice day (a habit to which the British, thank goodness, seem immune) I just growl.

I do not mind being hoodwinked, bamboozled, defrauded or ripped off, but give me a break, Frank. If I wanted human contact I would go to the corner shop. Except that it is not there anymore.

Private View

InFidelity of a Cuban exile

Christian Tyler meets Guillermo Cabrera Infante, writer and punster, who fled Castro's 'Caribbean Albania' for freedom on Gloucester Road

We are in a writer's room, a hermitage. On one side is a wall of books on a scaffold of heavy iron shelving. On the other are cupboards stuffed with manuscripts and 2,000 videocassettes (for this writer is also a film critic.)

A giant *monstera* plant is splayed in tropical profusion across the bay window, obscuring a dowdy London street of cheap hotels and pizza parlours.

The writer is short, tubby and somewhat stiff in the neck. He is smoking a big cigar. His manner, like his writing, is humorous but his jokes are acrid and melancholic. He is a ferocious punster with a technicolour writing style – it reminds one of a muscular Gore Vidal.

Guillermo Cabrera Infante is an exile, or rather political refugee, from Fidel Castro's Cuba.

In *Mea Cuba*, a collection of political essays just published in England, he caricatures Castro as "Mefistofidel", as "the world's most expensive agronomist", as the man who spreads "Castroenteritis". Cuba, he writes, is "the Albania of the Caribbean", ruled over by a tropical Stalin, a "beastly, power-hungry egomaniac".

"I know him very well," he told me. "He has something you and I fortunately don't have, which is a lust for power. He doesn't care about food, he doesn't care about sex, he doesn't care about comforts. He only cares about power."

Castro, he added, is a great actor whose propaganda has been swallowed by all but a handful of outsiders. Not until after his death would the atrocities committed by the regime be known.

This writer, it is plain, pulls no punches. Perhaps he is lucky that his enemies do. Eight years ago, while he and his wife were out, the door to their flat was prised out its frame. Nothing was taken, not even money or manuscripts.

"No, I'm not afraid," he said. "But I am concerned because I know what happened to Georgi Markov." Markov, an exiled writer who attacked the then communist ruling family of Bulgaria, was killed with a poison-tipped umbrella on Waterloo Bridge in London.

However, Cabrera Infante is a novelist and screenwriter rather than a polemicist; as such, he has been largely ignored in Cuba even as his literary reputation in the world outside has soared. "Until this book appeared in Spanish, they were trying to create a void around me, killing me by silence."

He was born into a poor family in Oriente province, 25 miles away from the birthplace of the former dictator Batista and 20 miles from that of Fidel Castro. His parents were founders of the Cuban communist party; this, he said, was vaccination. "My father was only concerned with saving the world, not saving his family. Believe me, the political education of a man can begin very early."

Infante first knew Castro in 1948, when the future revolutionary wore a suit and tie. Later, as editor of *Lunes*, the party newspaper's literary supplement, Infante saw Castro and Che ("Chaos") Guevara at close quarters.

It was while serving as Cuba's cultural attaché in Brussels that he flew home for his mother's funeral and decided to leave for ever. He wrote: "In an incredible Hegelian capriole, Cuba had taken a great leap *forward* – but had fallen *backward*."

Despite the head of internal security, and with the help of highly-placed friends, he succeeded in leaving with his wife Miriam Gómez, an actress, and the two daughters of his first, short marriage to Marta Calvo.

First they went to Spain, but Franco's police declined to give them visas. The writer was invited to London to script a film, and there he has lived ever since.

"I know you British are very derogatory of London," he said. "But I like it here. I work very well here. You see where I work. You see those windows. When the weather is really foul, I see people hurrying to and fro with big overcoats, umbrellas, cursing the weather. I don't curse, because I am very cosy there writing." He pointed to a big IBM electric typewriter planted across the room.

And when the sun is shining..?

"That's a temptation because it then resembles Havana. When I came in June, 1966 there were girls everywhere, almost naked, in see-through dresses. London was singing – swinging – and I thought it was going to last for ever."

About six years after settling in South Kensington, Infante suffered what he calls a "massive breakdown". They gave him electric shock treatment until his doctor intervened to say the writer's memory could be permanently damaged. He takes lithium salts for manic depression.

I asked him if his exile was the cause. No, he said, because he had been happy to leave. "I myself think it is an effect without a cause."

Perhaps you are super-sensitive?

"I am very sensitive, yes. But I've been like that all my life and nothing happened. My wife is more sensitive than I, and she has never been crazy."

He lit a cigar. I thought of the title of his book and said: I'm very struck by your use of puns.

"You think that's a sign of madness?"

No, I said hastily. Do you use them when you're angry as well as amused?

"I don't want to sound too pretentious but I think it's some sort of poetic system, the way you use rhyme or rhythm. Of course most of them are conscious, but some are very unconscious. It's a mechanism inside your head.

"I was probably born with it. I probably was born mad. That's the way it is. Some people get very angry with me. I say one man's pun is another man's poison."

He quoted Goethe's verdict on a fellow-writer: "'Whenever he made a pun, a pain was hidden.' It's better in English than in German. Anyway, English is a better language for puns – otherwise you wouldn't have Lewis Carroll or James Joyce or Flann O'Brien."

Cuba, he said, was like Ireland: a small country which had produced a disproportionate number of celebrated writers. "They have the gift of the gab. *Havana* is 'Habana' in Spanish, and I coined the pun the *hablaneros*, the talkers."

Does writing give you the identity denied you by exile?

"I don't think so, not really. I'm not in search of an identity. I'm more in search of a given expression, which I haven't attained yet."

Do you write novels to keep your Cuba alive?

"No. I am trying to rebuild Havana with words." To the peasant boy he once was, he explained, Havana appeared an enchanted city. "It was like some miracle that stopped the night".

Do you hope to see it like that again?

"Now, this is a vanity of mine. I only hope that they take my books as a blueprint for a future Havana. I know it won't happen, but I long for it. Some readers say my books have made them feel true Habaneros. That for me is compliment enough."

Would you go back if..?

"I wouldn't go back on the first plane if Castro died. I'll wait for them to invite me. It's not a question of pride or vanity. It's that I don't feel there's a place for me down there. I'm not a politician, I'm not an economist, I'm not an entrepreneur. I'm only a writer. What am I going to do in Havana? Write pamphlets and paste them on the wall?"

Cabrera Infante is a man who can put up with anything but being ignored. He calls himself "an invisible exile", a reference to the cold shoulder treatment he has had from some left-wing intellectuals unable to concede that Cuba was a place one had to leave. "Who could be an exile from Paradise?"

I referred to Castro's past denunciations of exiles as "worms" and "cockroaches". If you are told that often enough, to you begin to believe it?

"No. You know that 'worm' is *gusano* in Spanish. It means also 'caterpillar'. So I devised a sort of metamorphosis. All the worms become butterflies. Goebbels used to call the Jews 'vermin.' It means you can kill them because they are not human."

Are you angry that Castro has had such a hand in your life?

"All my reactions to Castro can be explained if you think of a Jew thinking of Hitler."

You have said exile is a form of martyrdom but also a rare privilege. What do you mean?

"That's what the title of the book is all about. You have escaped from a form of life which is for you inhuman. Therefore, to leave your country is a liberation. Not many are able to do it. I was lucky."

Talk of exile was clearly depressing the writer and he sounded tired. However acute, however influential the penman may be, I thought, the swordsman can always slice his feet from under him.

Does exile become a sort of profession? I asked finally.

"I have just come back from a symposium in Spain," he said. "They asked me about writing. I said I find writing easy. It is life that is difficult, and the life of an exile is even more difficult than life.

"And you can guess why. You have to rebuild a life that is totally false. We're not English. We live in London but we don't live in England.

"Many people ask me where I'm from. I say 'Gloucester Road.' You cannot say that unless you are an exile. If you are an emigré you talk about your country. But if your country doesn't exist any more, what do you say? My only country is *this flat*."

Colin Beere

As They Say In Europe

How to make friends and destroy people

Last weekend, said *Le Figaro*, "the voters of the majority anxiously heard the tocsin." The paper was talking about what was supposed to be a victory rally in Paris for the leader of the major right-wing party, Jacques Chirac, who gave up the post to announce he was standing for president next year. No-one expects him to win, even though his party crushed the left in legislative elections 18 months ago.

The great difference between Europe and the US is that in the latter every electoral landslide signifies some kind of gigantic once-and-for-all change. The mid-term elections altered the face of US politics for good. Until the next time, that is. When the right swept France, everyone knew it was just because people were fed up with the left.

Therefore, it seems, French and American circumstances are entirely different. There will not be a left-leaning Congress for generations while the Socialists will win a crushing victory in France at the next legislative election, if not the presidential. Only *Time* magazine compared the two countries but chose the period of *cohabitation* of the 1980s to set alongside the situation President Bill Clinton faces. It is, however, the present cohabitation which is peculiarly relevant to the looming battle in Washington.

In Paris an embattled president of the left gazes out from his palace at a legislative body dominated by political opponents. President François Mitterrand, aged, maybe dying, and, in the minds of many, entirely discredited, looks on as leaders of the right-wing RPR (Rally for the Republic) and their allies fight it out to be his successor. Yet when Chirac put himself forward as a candidate, he was attacking not Mitterrand but the prime minister, Edouard Balladur, also of the RPR.

As a provincial paper noted: "In seeking an excessive legitimacy at the heart of the RPR, Jacques Chirac risks breaking in two the movement inherited from Charles de Gaulle." The rivalry between Chirac and Balladur is only one element in the apparent determination of the right to smash itself itself to pieces.

Not all its leaders are men of charm and grace: Balladur seems a pretty good chap, Chirac is a bit rough – as mayor of Paris he can scarcely be anything else – Valery Giscard d'Estaing a little shop-soiled. But by comparison with the new majority leaders in Congress, they are cuddly toys. Nonetheless they have relentlessly followed a path that is now known as one of "suicidal logic."

In Washington, the new leader of the Senate will be Robert Dole, a man of enormous ambition and a gift for in-fighting and poisonous abuse that few can rival. Apart, that is, from the new House speaker, Newt Gingrich, who is in turn regarded as the acceptable face of American conservative republicanism when put alongside his senatorial colleague, Phil Gramm of Texas. It is likely that these gentlemen will all excessively insist on their legitimacy, as the French say, and seek their party's nomination for the presidency.

President Clinton should study how Mitterrand contributed to the destruction of his opponents. (This was a purely platonic act for Mitterrand himself has nothing whatsoever to gain from his success.) He will see that the French president has personal qualities that in some ways match his own, although Mitterrand admittedly enjoys the advantage that his interest in the opposite sex has not worked against him among his compatriots. What Clinton lacks is that special crafty, *malin* quality that characterises the French leader's approach to politics.

In fact all the President has to do is to work closely with one or other of the Republican leaders, the less probable the better. The White House should endorse his ideas and back his legislative programme. Once this potential candidate has gained widespread fame and popularity, once his ambition has been inflamed by presidential favour, the President himself will only have to step back a little and watch his opponents smash the movement inherited from Abe Lincoln. The dramatic idiocies which characterised the rigged acclaim for Chirac last weekend could not quite be replicated in a US primary, but it should not be too difficult to inject intra-Republican relationships with the lethal venom that has almost destroyed the RPR.

It is all too easy to achieve a gigantic political sea-change in the US. In the mid-term vote, 38 per cent of the electorate turned out. Of those who did only one in eight, or 4.6 per cent of the total eligible, voted Republican because they supported of the party's programme. The French majority is based on support that runs rather higher than 4.6 per cent. Yet it can be wrecked by its own internecine hatreds and a wag of the tail of a lame duck president.

James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

Punch drunk and proud

The hook is a snappy punch. The proper technique is to get close to your opponent, pivot quickly from feet and hips, and deliver a sharp blow to the side of the head, ideally the temple. The object is to cause an abrupt sideways impact; in ringside parlance, to make your opponent's brain "wobble".

Even in the short distance of an amateur boxing bout, a wobbled brain is dangerous. The opponent is momentarily disoriented, and cannot focus on subsequent attacks. That is why a well-timed, well-placed hook is probably the most effective move in any fighter's repertoire.

Boxers and their trainers will be perfectly candid about this. Many punches hurt, but the hook hurts in a particular way. Apart from jolting the co-ordination powers of the central nervous system, a good hook will leave even the most bovine-shouldered boxer with a headache for hours, perhaps days.

Boxing is quintessentially about giving and receiving pain, and that pain may include temporary or permanent damage to the brain. So for a group of Royal Navy surgeons to "prove", as they have done in this month's Lancet, that boxing has damaged the intelligences of some of the servicemen who participate in the sport, is hardly a revelation.

In this Lancet report, the incidence of "cerebral profusion" is demonstrated to be significantly higher among boxers than among comparable fit young servicemen. The brain wobbles have left their mark, and that mark has been scientifically measured. But no boxer or trainer is going to be at all surprised. The amazement would come if it were ever proven that taking a hook to the temple did not affect one's subsequent powers of reaction and response.

So what is the upshot of this new

Boxing is about giving and receiving pain and that may include damage to the brain

report? Obviously, the neuro-surgeons at Gosport would like to see no more inter-regimental boxing in the services. As yet, a ban seems unlikely. But if the services do decide to dispatch with boxing, it will not be a victory for good sense. It will go down as yet another triumph of liberal busybodyism.

Busybodyism is often myopic: focusing on tiny problematicals, when giant monsters loom. Such is the busybodyism which gave us rear seat belts, while doing so little to prevent the poisoning of our atmosphere. And medical busybodyism is often empirically suspect.

Few doctors box: so boxing is a soft target for their busybodyism. They are much quieter about rugby, which is popular in the training hospitals. And yet anyone who has tried both boxing and rugby will vouchsafe that the chances of serious and lasting injury are far higher in rugby than boxing.

Which brings us to the most feeble element of the ban-boxing logic.Not long ago, a survey was carried out on the risk factors of all sorts of sports and pastimes. The statistics revealed, of course, that no one concerned about safety should ever take up DIY, rock-climbing or white-water canoeing. Curiously, fishing emerged as the most danger-ridden sport of all.

If ever boxing should be banned, one hopes for consistency from our legislators: let us be rid, then, of not only fishing, but motor-racing, yachting, and skiing too. To charge down an icy slope on two strips of plastic is to flirt with paralysis: since this is a component of training for the Royal Marines, perhaps it too shall come under medical scrutiny.

But what is most insidious about this busybodyism is its class-based bias. Boxing is chiefly disapproved of by the middle-classes. It has disappeared from even the heartiest of British public schools. It is a sport which notoriously offers disadvantaged youths the chance to leave their disadvantages behind them. Hence its survival – in urban boys' clubs, among the Newmarket stable-lads, and the volunteers for the Territorial Army. If boxing were ever banned, the prediction is that it would go underground, and we would be flung back to bare-knuckle prize-fighting.

No one is claiming that boxing is a "civilising" sport. But it is often disciplining, and to aggressive, working-class youth it is probably also a therapy. The busybodies would like such youth to be sitting down quietly with copies of Tolstoy and Voltaire – for this, we are told, is how jailed heavyweight champion Mike Tyson is spending his time. This is to wish not only for a quiet world, but also a dull one. The French philosopher Michel Foucault said: the proximity of danger is an essential part of being alive.

Nigel Spivey